# INDIAN LABOUR MOVEMENT
## A SURVEY

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## PREFACE TO THE SECOND EDITION

A revised edition of the book was overdue. My lecture work to post-graduate students on Indian Labour Problems convinced me that a mere descriptive approach to the subject did not lead to a proper understanding of the vital issues involved and of the basic agreement on the approach to the labour problems. This unreal atmosphere tended to perpetuate a class of stump orators among strike-leaders (in place of true labour leaders) and of die-hard capitalist employers or their agents whose attitude is characterised by grudging concessions to unavoidable pressure of circumstances and the new climate of the times. Industrial relations thus come to be a matter of hard collective bargaining between strength of labour and capital derived from political pull that each party is able to gather at any moment and to exercise.

An attempt has been made to introduce in this revised edition a reference to the economics of labour problems in the hope that this small book would lead to an integrated study of the labour problems in India's Planned Economy which has hitched its wagons to the stars of a socialistic pattern of society.

My membership of the M. P. State Labour Advisory Board gave me occasions to have a peep into the mind-windows of the tripartite interests represented on this body. This has enabled me to see the gulf of mental attitude that needs bridging, not occasionally by a draw-bridge contrivance, but by a permanent bridge of lasting agreement based on good will, mutual interest and sense of partnership. Bodies like the M.P. State Labour Advisory Board give a forum for a free clash of ideas which generate light along with the momentary heat and provide occasions for the proper forging of ties of mutual interest borne of mutual understanding and agreements.

Much water has flown down the Ganges since the first edition of the book 'Indian Labour Movement in India—A Survey' was published in January, 1949. Labour movement in India and its problems have now to be viewed in the contexts of free citizens in a free India, in a country determined to a voyage on high seas of economic planning and a country having committed itself to a socialist pattern of society. Notwithstanding the spanner of hangover of old capitalistic ideologies, labour now cannot be considered as a commodity. The new approach and outlook are outlined in the words of the Third Five Year Plan (page 253), "Economic activity has not to be conceived of solely in terms of output and return, the principal test of this would be the good of all those who are engaged in it, the quality and growth of the individual human being and the service and happiness of the entire community. The surpluses that are generated are a social product, to which neither the employer nor the working class can lay an exclusive claim; their distribution has to be according to the worth of the contribution of each, subject to the requirements of further development and the interests of all the sections of society, in particular, the satisfaction of the basic needs of all its members."

The Second Five Year Plan points out (page 572) that "The creation of industrial democracy . . . is a pre-requisite for the establishment of a socialist society." The scheme of association of labour with management has been introduced in India in ten undertakings in the public sector and seventeen in private sector through Joint Management Councils. The implementation of this experiment may be either the result of enlightened paternalism or state persuasion. Collective bargaining over wages is excluded from the purview of tho councils. So is the administration of the enterprise. But joint councils do cover a wide range of activities involved in the process of industrial production. "The Council has the right to obtain

information regarding the working of the undertaking and has direct administrative responsibility for matters concerning worker's welfare, training and allied matters. Its main function is to bring about mutual consultation between employers and workers over many important issues which affect industrial relations." A beginning on the road to Industrial Democracy is being tried; joint management councils will act as path-finders and no impatience need be shown in trying to equate the experiment in industrial democracy with socialism or to think in terms of parallels in political democracy. In fact it may be expected that in moving towards the ideal of socialistic pattern of society, India may through her economic development guided by the Plans, achieve a rising standard of living for its citizens, a society free from acute class antagonism, a large measure of reduction of inequalities and widely shared cultural amenities, though not a class-less society.

Workers' education becomes essential and is implied in the new responsibilities that labour is destined to assume in the new horizon of the economic order in the country. In this field much leeway has to be made as labour in India is ignorant and not at home in the industrial habitat. With the accepted position for representative labour organizations trade unions have to learn the art of winning their battles without going to war and sharing responsibility for increasing production and raising productivity. The employers have to take Trade Unions not as an unavoidable nuisance but an essential part of the industrial system.

For a proper direction of labour movement in our country a comparative study of labour movements abroad is very useful and those interested in proper grasp of the labour question in India cannot afford to be ignorant of this field.

"Labour" is now no more an interchangeable term with industrial or factory labour. It covers a big panorama of agriculture labour, plantation labour, unorganised industrial

## PREFACE TO THE FIRST EDITION

Labour movement everywhere has been the product of industrialism and India's case has been no exception to this rule. One could wish that India which entered the race of industrialism rather late would profit by the experience of other countries and avoid the shadowy side of capitalistic production. But human nature of the persons in possession of power has everywhere been the same. Consequently the workers have to struggle very hard for the recognition of bare elementary rights. The foreign Government has been allying itself with vested interests, the organization of labour has been slow in coming and so Indian labour movement had a very tardy growth. But judged in the context of the span over which machine production had been extended, the achievements of labour legislation in putting the movement on its feet cannot be said to be insignificant.

Within a period of one quarter of a century Indian labour has become a powerful force to reckon with. The task before the country is to canalise this torrent of power towards constructive purposes of the nation. Those in authority—economic or political, have to use their direction very tactfully so that the transition from the status of workers as merely sellers of work to partners in industry may be a smooth one.

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| No. | | Page |
|---|---|---|
| 40. | The Times of India Strike ... | 78 |
| 41. | Slow Growth of Trade Unions ... | 79 |
| 42. | Future of Trade Unionism ... | 80 |
| 43. | The Ahmedabad Textile Labour Association ... | 81 |
| 44. | Craft Trade Unions in Britain ... | 86 |
| 45. | Collective Bargaining ... | 86 |
| 46. | Voluntary *vs.* Compulsory Arbitration ... | 92 |
| 47. | Employers' Organisations ... | 94 |
| 48. | Industrial Relations ... | 96 |
| 49. | Industrial Truce ... | 100 |
| 50. | Industrial Relations (*continued*) ... | 101 |
| 51. | Amendments to Industrial Disputes Act of 1947 ... | 102 |
| 52. | Positive Steps to Improve Industrial Relations ... | 103 |
| 53. | Tripartite Wage Boards ... | 104 |
| 54. | Workers' Participation in Management ... | 105 |
| 55. | Code of Discipline ... | 106 |
| 56. | Code of Efficiency and Welfare of the Workers ... | 107 |
| 57. | Bonus—The Bonus Formula ... | 108 |
| 58. | Labour Welfare ... | 110 |
| 59. | Housing ... | 112 |
| 60. | Housing Under the Plans ... | 115 |
| 61. | Cooperative Housing Societies ... | 116 |
| 62. | Workers' Education ... | 117 |
| 63. | Agricultural Labour ... | 119 |
| 64. | Agricultural Labour Enquiry ... | 120 |
| 65. | The Five Year Plans and Agricultural Labour ... | 121 |
| 66. | Earnings of Labour—Economic Position ... | 122 |
| 67. | Earnings of Factory Labour (Annual Average) ... | 125 |
| 68. | Share of Labour ... | 127 |
| 69. | Efficiency of Indian Labour ... | 128 |
| 70. | Productivity—National Productivity Council ... | 130 |
| | Productivity in state undertakings and public services ... | 131 |

## I. Labour Economics

Labour Problems and Social Welfare is the title of the M.A. Paper on Labour in a number of Universities in India. The approach to the study therefore tends to be mainly descriptive and incidentally the economics of labour problems comes into the picture when it becomes unavoidable. Labour Economics as a scientific study thus comes to receive attention. Since Labour as a factor of production has some characteristics which mark it out as distinct from other factors of production, the scope for Labour Economics as a distinct study thus arises. Labour Economics would of course be touching and even crossing the sciences of Sociology, Psychology, History, Law and Statistics.

Labour is embodied in the labourer and must be delivered in person. Labour is like a perishable commodity and day's labour lost is lost for good. The labour is an Individual unit and needs collective bargaining to meet the strength of the employer. Labourer has no reserve fund and cannot easily withhold from the market. To sum up we may use the words of Dr. A. Marshall, "...that free human beings are not brought to their work on the same principles as a machine, a horse, or a slave. If they were, there would be very little difference between the distribution and exchange side of value. . ."[1] And further, "It matters nothing to the seller of bricks whether they are to be used in building a palace or a sewer: but it matters a great deal to the seller of labour, who undertakes to perform a task of given difficulty, whether or not the place in which it is to be done is wholesome and a pleasant

1. *Principles of Economics*—A. Marshall, page 418.

one, and whether or not his associates will be such as he cares to have".[1]

Each problem of Labour Economics needs to be studied in the context and stage of economic development. Wage labour (manual and mental), its conditions of service as workers, its share in the total national income, laws actually regulating the same, the relation between wages, productivity and employment have all to be studied. Equally important are the problems of the relation of labour to other participating factors of production in a given industry, occupation or profession—and the status and role of labour in production.

The study of Labour Economics gives rise to the idea of "labouring class" as a distinct group in the economic system, which needs special fending. There is historical basis for such a view. But the ideal position in this respect to which the world is moving today is best represented in the words of John Stuart Mill in his Principles of Political Economy "When I speak, either in this place or elsewhere, of "the labouring classes", or of labourers as a "class" I use these phrases in compliance with custom, and as descriptive of an existing, but by no means a necessary or a permanent state of social relations. I do not recognise as either just or salutary, a state of society in which there is any "class" which is not labouring, any human beings, exempt from bearing their share of the necessary labours of human life, except those unable to labour, or who have fairly earned rest by previous toil. So long, however, as the great social evil exists of a non-labouring class, labourers also constitute a class, and may be spoken of, though only provisionally, in that character."

1. *Principles of Economics*—A. Marshall, page 471.

## 2. Economics of Wage Determination

A modern wage theory must answer the following questions: What are the effects of machinery on wages? What impact do unions have on wages? Are wages determined relatively more by economic law or by power and political action? Do higher wages lead to higher efficiency? What is the role of institutions in wage determination? The contemporary wages theory must also take note of the Bargaining Power Theory of wages which states that there is not only one prevailing wage rate for a job classification but a whole range of wage rates and also of the Purchasing-power theory of wages which states that wages would be large enough to enable the labourers to consume goods and services that are produced, since less than full consumption of goods will reduce production and hence unemployment subsequently.

"A few suggestions have been made for the future of wage theory. The structure of wages, the whole complex of differentials, needs to be explained. Moreover, the determination of the wage level and the structure of wage rates are interrelated. In the analysis of wage structure the concepts of job clusters and wage contours define the points at which wage making forces are concentrated. The anatomy of the wage structure must first be understood if one is to explain changes in response to demand and supply factors. These concepts help to focus attention upon the operation of demand and supply. They suggest that product market competition and conditions decisively influence the structure of wage rates. In the long run, however, the wage structure is a reflex of the pattern and speed of industrialization".[1]

"Job cluster is defined as a stable group of job classifications or work assignments within a firm (wage-determining

1. *The Task of Contemporary Wage Theory*—John T. Dunlopp (pages 138, 139) in 'New Concepts of Wage Determination' by Taylor and Pierson.

unit) which are so linked together by (1) technology, (2) the administrative organisation of the production process, including policies of transfer, lay off and promotion or (3) social custom that have common wage making characteristics".

"A wage contour is defined as a stable group of wage determining units (bargaining units, plants or firms) which are so linked together by (1) similarity of product markets, (2) resort to similar sources for a labour force, or (3) common labour market organisation (custom) that they have common wage making characteristics".[1]

### 3. The Marginal Productivity Theory of Wages

Our quest for a valid wage theory requires a re-examination of the Marginal Productivity Theory of Wages. It is a theory of labour demand related to resource ratios at an existing stage of technology, immobilities of supply being assumed. The theory states that the wages of particular worker are limited by the amount he is worth to the employer. In case the wages are higher than the worker's marginal product, sooner or later dismissal or a fall in wages must occur.

The assumptions of the Marginal Productivity Theory of Wages are not wholly valid.

Production is not guided exclusively by profit maximisation motive. Co-operative enterprises and public utility concerns are motivated first by service and next by profit. M.W. Reder has pointed out 'in the lower echelons of management there are other sources of divergence between actual and profit maximisation behaviour. For example, foremen and even department superintendents have been known to tolerate

1. John T. Dunlopp in the *Task of Contemporary Wage Theory* (pages 129, 131) in 'New Concepts in Wage Determination' by Taylor and Pierson.

and even to encourage restriction of output . . . in order to prevent layoffs or to avoid a reduction in piece rates'.[1]

Can the Marginal Product of Labour be measured? It has been pointed by R. A. Lester that in order to figure out marginal productivity, he would have to know the exact shape of his marginal receipt curve, the exact shape of each cost curve, and the net cost to him of employing each unit of each factor and that nobody has even undertaken to construct from actual data a marginal net revenue product curve for a given type of labour employed by a firm.

Automation has made the task of measuring Marginal Productivity still more difficult. "How is it possible to determine the marginal product of labour when (as in a highly automated industry) most of it is indirect. Remove a single maintenance man from a highly automatic process, and production may be forced to stop. Does this mean (as the marginal productivity theory implies) that the entire product must be attributed to a single worker?"

It is not possible to measure marginal product of labour, how can it serve as a basis of wage determination?

Marginal productivity theory assumes a free competitive economy. But labour markets are far from being the perfect markets. Trade unions, employers' organizations, agreements between buyers contains elements of different shades of monopolies. Again labour is not perfectly mobile. Of all the goods, man is most difficult to be transported. Workers hate to change jobs. Personal considerations and non-economic factors also hinder mobility of labour.

Contrary to the actual situation, the productivity theory is based on the assumption that there is work for all and that all who really want work and are able to perform it and

1. M. W. Reder, 'A Reconsideration of the Marginal Productivity Theory', *Journal of Political Economy*, Oct. 1947.

are willing to work for the marginal wage are employed. This assumes a condition of full employment for labour and capital.

Equality of bargaining power between labour and employer assumed by the marginal productivity theory is generally absent. Either the bargaining power of the management is superior to that of labour or where labour union solidarity exists, the labour may have the upper hand.

The Institutionalists (Veblen, Commons, Mitchell) challenge the conclusions of the Marginal Productivity Theory of Wages as wages are not unrelated to non-economic factors. In fact Rothschild expresses this view when he states: "A complete theory of wages . . . will break down the rather artificial frontiers between economics and sociology".[1] J. T. Dunlopp says that prices of factors are not determined by marginal productivity as this takes account of only demand side. Factor pricing requires to take into account supply schedules along with demand schedules. Factors of wage determination are not under the full control of the entrepreneur, these are under the control of the other people. The minimum wage laws affect wages considerably; powerful trade unions exercise their weight over the question. Seniority rule interferes with the strict application of the marginal productivity principle as the management may not be permitted to increase a person's wage on the basis of productive ability only or to freely move employees from one job to another.

Again it cannot be overlooked that wages may influence volume of employment. During the thirties in the world depression, workers were unable to find employment although they were prepared to work at any wage. Most businessmen do not think of employment as a function of wage rates but as a function of output. In automation plant, the size of the

1. *The Theory of Wages*—K.W. Rothschild, page 174.

Empirical studies have shown that unions effect wages in several ways: (*a*) they may raise the upper limit of wages; (*b*) they may make the wages rigid in the downward direction; (*c*) they may change the wage-structure;[1] (*d*) they may influence the wages indirectly in unorganised industries. Hence to say that unionism has no effect on wages is stretching credulity too far.

Besides productivity and degree of monopoly, unionism constitutes another basic factor in wage determination and unions through collective bargaining get increases in wages or in fringe benefits[2] greater than those which would have been obtained in their absence. In the U.S.A. fringe benefits constitute 20 to 25 per cent of the labour bill in organized industries.

Unions can influence the wage structure by reducing the occupational wage differential and by designing job-classifications and job rates within plants and by making more uniform wage rate relationships between industrial units in comparable and product market areas.

The disastrous effects of powerful trade unions riding high and forgetting the long-term effects of their action must not be ignored. "A powerful union might raise wages greatly above

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1. Wage structure refers to the complex of rates within firms differentiated by occupation and employee and the complex of inter-firm rate structures . . . "Indeed, the task of analysing wage determination is not the problem of setting a single rate but rather the problem of setting and variation in the whole structure or complex of rates. While the general level of wage rates can be thought of as changing apart from variations in structure, they are not actually dissociated. Changes in wage level, associated with changes in output levels in the system, are necessarily associated with changes in wage structure . . . " 'New Concepts in Wage Determination'—Taylor and Pierson, page 128.
2. Fringe benefits include non-wage items of (i) social insurance nature, (ii) welfare goals.

the competitive level, but the results would probably be disastrous. Unemployment would increase either through contraction of output, or through the substitution of capital for labour. In certain special circumstances a small group of men may permanently obtain a higher wage than would be obtained under free competition. If a householder lost a key he would be willing to pay a relatively high price for a new one. Its value is very small compared with the value of the contents of the house. Similarly, if a little specialised labour is absolutely necessary in the production of a valuable commodity (if there are no substitutes for it) the specialised workmen may strike successfully, especially if a check to production of the final commodity leads to a large rise in price. The gains may be kept permanently only if the workmen in question are organised in a strong union which is able to limit its members effectively".[1]

### 5. Labour's share in the National Income

Can Trade Unionism increase labour's share in National Income? According to one school of thought, labour's share of national income has remained more nearly constant than almost any other economic variable in society. On the other hand it has been ascertained empirically that in the last half a century, labour has succeeded in increasing its relative share. According to I. B. Karvis, "Our examination of U.S. Data for the past half century has led to the conclusion that the notion of long-run constancy in relative shares is false . . . There has actually been a shift in the distribution of national income from property to labour . . ."[2]

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1. *Text-Book of Economics*—Briggs and Jordon (Revised), University Tutorial Press, page 342.
2. I. B. Karvis, 'Relative Income Shares in Fact and Theory', *American Economic Review*, December, 1959, page 917.

According to C. Kerr, "Under certain conditions, a union can effect distributive shares. It can reduce labour's share through the furtherance of a policy of continuing full employment . . . It can raise labour's share through standard collective bargaining where employers cannot quickly escape . . . while it can raise labour's share, it cannot raise it by very much".[1]

The veil of unreality is torn aside and realism is introduced in the question "can Trade Unionism increase labour's share in National Income" if the changing context of our economic milieu is borne in mind. According to Boulding distribution depends on decisions and mainly on the decisions of the capitalist. If more decisions are taken by the trade union leaders and government representatives, they too can affect distribution, but this requires that they enter a long way into the direction of economic processes at the plant or industry or national level.[2]

"The painfully evident divergence between worker and capitalist is disappearing both in source and amount of income. We stand a long way from a society based on two sharply differentiated classes. Transfer payments through government are also much more important than they were at the time of Ricardo and Marx. It is therefore probably becoming much more important to measure and to discuss size distribution than share distribution, and this has the added advantage that it is less likely to lead to a class conflict approach to income distribution organised around functional groups. From the standpoint of social peace, it is better to discuss the share of, say,

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1. C. Kerr, 'Labour's Income Shares and the Labour Movement', in 'New concepts of Wage Determination'—Taylor and Pierson, pages 295-296.
2. *Ibid.*, page 296.

the bottom 25 per cent of income recipients than to deal in terms of the farmers' or of labour's share".[1]

## 6. Labour Movement

The rise of labour movement has generally followed in the wake of speedy and large scale industrialization. Centralised machine production necessitates the massing of workers in focal areas (factories). They are initially uprooted from an environment in which life is so simple that any ostensible conflict of interest between labour and capital does not seem to exist. The workers are diffused as independent producers. It is only when they are reduced to the position of sellers of physical labour by reason of their not being able to carry on in the face of machine production whether foreign or domestic, or when they are dispossessed of land on which they have been working heretofore that they find themselves in a helpless situation which demands of them the need to organise in the interest of self-preservation. The solid phalanx of capitalists has to be made to admit and concede the basic conditions of living for workers. It is a long and a hard-contested battle. Capital yields grudgingly and thus provokes and promotes the origin and growth of labour movement.

Labour movement exhibited itself in the form of trade-unionism which emerged out of the factory system and the creation of an urban industrial working class. As the Industrial Revolution took place in England early, so she was the classic home of trade unionism. The pace of industrialization also determined the pace of trade unionism. In Germany trade unionism gathered momentum at the close of the nineteenth century which proved to be co-terminus with her

1. *Labour's Income Share and the Labour Movement*—Clark Kerr, pages 297-298 in 'New Concepts of Wage Determination', Taylor and Pierson.

industrial development. The weakness of French and Italian trade unionism at this time was the symbol of the incompleteness of industry's triumph over agriculture in these countries. In Russia, the overwhelmingly agrarian character of Russian economic society at the time of the Bolshevik Revolution (1917) and the virtual non-existence of trade unionism permitted the siezing of power over a large nation by a handful of organised men. "When Russia finally industrialized, it was under the aegis of a powerful political machine which was not able to dispense with trade unions but perverted them for its own purposes. Indeed, it is one of the tragedies of our time that Russian economic backwardness in the first two decades of this century frustrated unmistakable tendencies toward a "normal" course of trade union development".[1]

Labour consciousness is the offshoot of democracy. The equality of man, at least in the matter of voting rights, the political power that goes with numbers and the recognition of dignity of manual work gives to labour force the necessary momentum. Education gives to the workers the requisite confidence and faith.

Thus while capitalistic production by shattering the social and economic life connected with handicraft stage implies some sort of organization on the part of the workers, the resistance offered by capitalists to the rightful dues of labourers gives rise to the labour movement in a crystallised and forceful form.

The coverage of labour movement today cannot be restricted to industrial wage earners. In England during the late 17th century, 14 per cent of its population consisted of employers, 34 per cent of employees and 52 per cent independents. In the middle of 20th century employers formed 4 per cent, employees 90 per cent and independents 6 per cent of the

1. *Comparative Labour Movements*—Edited by Walter Galenson, page XI.

population of Britain. Similarly in the United States of America whereas in the middle of the 19th century the majority of people were self-employed, that is, worked for themselves, now 80 per cent work for some one else. Income comes more and more to be labour income. We have to-day, as Prof. Slitchter points out, developed a "laboristic economy". This includes non-manual workers, producers of services etc. Later phases of economic development give rise to the predominance of the 'tertiary sector' in employment over the 'agricultural' and the 'manufacturing' sector. "In the U.S.A. from 1870 to 1940, the number of engineers increased over thirteen times as fast as all those gainfully employed, bookkeepers and accountants, and cashiers increased eight times as fast sculptors, artists and art teachers, five times; editors, reporters, and architects over three times; and college teachers, teachers of music, musicians and other teachers, three times."

These experts are members of an ever-growing group, not of Marxian mass army of the dispossessed proletariates, but of hired functionaries. These professional, technical, and clerical people are the new "Middle Class".[1] It is best to remind ourselves that labour has been defined by Professor Jevons as any exertion of mind or body undergone partly or wholly with a view to some good other than the pleasure derived directly from the work.

Talking about the 'labouring classes' or of 'labourers', John Stuart Mill in Principles of Political Economy says: When I speak, either in this place or elsewhere, of "the labouring classes", or of labourers as a "class" I use these phrases in compliance with custom, and as descriptive of an existing, but by no means a necessary or a permanent state of social relations. I do not recognise as either just or salutary, a state of society in which there is any "class" which is not labouring; any

1. *Principles and Problems of Modern Economics*—Koivisto, page 786.

Chelmsford Reforms of 1919 introduced dyarchy in provinces, with the irresponsible executive of the Centre remaining in fact. Voting was restricted, being based on property and other qualifications. Votes of workers therefore were not yet in demand and labour conditions and welfare did not form an important part of the programme of any political party capable of taking a hand in administration. Political enthusiasm for the solicitude of workers has been visible since the Indian Congress party shouldered responsibility for provincial administration (1937) based on the government of India Act of 1935. To report on the working and living conditions of industrial workers, labour enquiry committees were appointed by the governments of Bihar, Bombay, C.P. and Berar, Madras and the United Provinces. When the Second World War broke out in 1939, the popular ministries in the provinces resigned. The rise of educated middle class imbibed with ideas of western democracy and the spread of literacy provided the impetus to the labour movement in the country.

The last two World Wars made labour conscious about its position and place in the new order of things. The founding of International Labour Organisation in 1919 raised the national labour movements to an international status, for the International Labour Organisation set the pace for legislation by laying down labour conventions for the guidance and practise of different nations. This international platform for mooting labour problems infused fresh hope and life into the fledgeling labour movement. With the establishment of the tripartite labour Conference in 1942, which has now become a regular feature of India's labour policy, the government started joint consultations with the representatives of employers and employees on matters concerning labour. The aims of the International Labour Organization were clearly set again in the Philadelphia Charter (May, 1944). The United Nations should include in any general peace settlement a statement of

is particularly true of India, where the growth of the working class has been very gradual, being numerically small in the over-all picture of her vast population, and where the industrial labourers in main have inherited agricultural traditions to whom organised action for obtaining their dues and protection of rights is a very unfamiliar thing.

The economic policy of the Government in India till Independence had been decided from the Whitehall. So long as England remained under the influence of the policy of *laissez faire*, State interference in economic affairs was considered to be unnecessary. After the First World War of 1914-18, the Government accepted the principle of State intervention to regulate industrial life and conditions of work. The War made them conscious of their position and the need for organised and collective action for improvement of their lot. The employers also realised that promotion of an organised and contented labour force was in the interest of all concerned—the nation, the employers and the workers. The acceptance of the policy of discriminating protection (1923)[1] was marked by a period of limited industrialization, but it became apparent that the evils of early days of industrialization should be avoided.

The Report of the Royal Commission on Labour (1931) focussed attention on the labour question. It laid the foundations of labour reform for the future, at a time when the labour force was neither sufficiently organised nor properly stabilised.

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1. The policy that only such industries were to be protected as satisfied the conditions of availability of abundant supply of raw material and labour, large home-market and the prospects of the industry being able to dispense with protection after a time. This policy was criticised as being halting and not making for a rapid industrialization of the country.

With the introduction of provincial autonomy in 1937, labour reform became a prominent plank in the programme of organised political parties. It became evident that legislation to secure a better standard of living for the workers, minimum wages, limitation of hours of work and protection against old age, sickness and unemployment could not be long deferred. Provincial labour legislation pointed to the necessity of having a uniform labour code throughout the country to remove disparities in labour conditions in different provinces and as between British India and Indian States.

The Second World War made the organisation of a strong production front imperative. The Government convened labour conferences in 1940, 1941 and 1942 which helped to evolve a uniform labour code throughout the country. The constitution of a Tripartite Labour Conference in 1942 (representative of the State, the employers and the workers) is an important landmark in the history of the labour movement in India. The Government of India set up the Labour Investigation Committee in 1944 with the undermentioned terms of reference :—

(*a*) "to collect data relating *inter alia* to wages and earnings, employment, housing and social conditions of labour and in particular of industrial labour in India, and

(*b*) "to investigate and report *inter alia* on the following matters :—

1. the risks which bring about insecurity,
2. the needs of labour, by various classes,
3. the methods most suitable for meeting such risks, and
4. housing and factory conditions."

This comprehensive labour enquiry is not only a fact finding one, but has hitched the wagon of labour movement

to the star of social security—a long jump from a mere regulation of hours of work in factories.

## 10. The Economic Background

Indian working class has been predominantly agricultural. But agriculture in the country has been carried on mostly on small and fragmented plots with manual labour and cattle power. Large parts of cultivable land have been under peasant proprietorship or occupancy tenants which gave no occasion for the rise of any labour organization. In Zamindari area the actual cultivators were too weak and ignorant to think of forming an association for putting forward their demands in a concerted way. The landlords and the money-lenders bound the tillers of the soil hand and foot. They had, therefore, neither the capacity nor the means of organising themselves. Moreover, the nature of agricultural occupation under which the small units of production are very widely diffused, makes any form of organisation of workers extremely difficult. On the top of all these circumstances, the illiteracy and poverty of the Indian farm worker has made any organisation almost impossible.

The history of labour movement in India is consequently the story of labour in organised industry. India was the industrial workshop of the world in the 17th and 18th centuries as she supplied the countries of Europe, West Africa, Central Asia, etc., with her fine muslins, Calicoes, chintz, silk goods. All this production was carried on a cottage basis, and the idea of labour organisation was alien and may have even seemed to be perfunctory to the industrial environment then obtaining in the country.

The advent of the Industrial Revolution in England and the political control she exercised over India enabled her to reverse the course of Indian economic development.[1] Through

1. We may here compare the injury done to Ireland by the earlier

lack of State protection, in fact as a result of deliberate indifference, the decline and ruin of Indian handicrafts coincided with the development of manufacturing industries in England. The growth of population in the country and the ruin of handicrafts created a large surplus of labour even to the land. The landless labourers moved to industrial centres when factory production made its advent in India in the beginning of the 20th century. Owners of small uneconomic holdings also tended to migrate to cities during slack season or in times of agricultural crisis.

Even before the manufacturing centres could absorb the landless class, the pressure of population on land was becoming onerous. When slavery was abolished in British colonies in 1830, Indian labour emigrated to overseas countries under the system of indenture and this stream of Indian workers going overseas may be considered to be the first exodus of Indian labour from the farm to organised industry.

The continuous growth of population in India from 315 million in 1911 to 389 million in 1941 and the decline in the percentage of workers in industries to the working population from 11·0 to 9·4 in the above-mentioned period compelled the landless labour class to move to industrial areas. This constant push to the city tended to depress the wages in the industrial centres or at least prevented them from moving up, particularly when there was a disparity between rural and urban standards and cost of living. On the other hand it was equally true that workers who migrated to industrial centres sent money to rural areas and thereby helped to supplement the standards of rural income.

English administration in the destruction of specific industries. "The real grievance lies in the fact that something had been taken from our industrial character which could not be remedied by the mere removal of the restrictions. Not only had the tree been stripped, but the roots had been destroyed". 'Plunkett Ireland in the New Century, page 19.

## 11. Nature of Industrial Labour

The majority of workers employed in factories, mines, plantations and transport have been recruited from rural areas. They have been pushed to the cities under pressure of over-population on land and the urgency of eking out a living and supplementing the very meagre earnings in the rural areas. As such the migratory nature of industrial labour in India characterises the Indian working class. It is this factor along with others which explains the remark made by the Royal Commission on Labour in its Report (1931) that the working class of India was neither sufficiently organised nor properly stabilised. The acute shortage of houses for workers in industrial centres, the high rents, the insecurity of employment, the alien social surroundings of the city, the higher cost of living have all discouraged the labourers to bring their families to industrial areas and settle there. Thus the evolution of a class of workers belonging to the industrial labour group with permanent stake in the cities is a very slow growth. This is an important factor which has also stood in the way of the development of labour movement in the country.

But the continuous increase in the ranks of the landless labourers has compelled most of them to remain and settle in the industrial town. This has formed the nucleus of a stable industrial labour population in cities like Bombay, Ahmedabad, Calcutta, Kanpur and Nagpur. According to an estimate, 20 per cent of the working class population in Ahmedabad are permanent. In the Jamshedpur area 39·3 per cent of the workers constitute the permanent labour force. Apparently the most important factor arresting the growth of a stable industrial labour force is the acute paucity of working class tenements.

The need of properly planning the movements of labour force from village to town is too obvious to need any emphasis. The village, the joint family and the caste, which were the

prototypes of our modern schemes of social security are fast crumbling down. The rise of industrial labour force therefore throws responsibilities on the State and the employers to fill the void as soon and as best as can be arranged.

A question of vital importance for the future of Indian industry and labour is whether the existing contact of our industrial labour with the villages should be maintained or even encouraged or an industrial population divorced from villages should be build up. So long as the source of recruitment to factories continues to be the village, the contact with the village should be regularised by encouraging workers to go on authorised leave with the promise of their being taken back on their original jobs. Facilities should be provided to assist them in solving their problems relating to land etc. in their native places. The Ahmedabad Textile Labour Association started a special activity to assist migrating workers in attending to these problems. The Rural Relief Section of the Textile Labour Association started in 1950 took up to assist workers in this. During the year ending 1961 a total number of 561 complaints were dealt with. These complaints related to land, takavi loan, tenancy, controlled articles, legal aid, transfers, cooperation, wells etc. The complaints are registered, spot inquiries and investigations are instituted and the matter is taken up with appropriate authorities through correspondence and interviews.

But no efforts should be relaxed or spared to improve the economic position of the labourers, their working conditions in the factories and the living environment in factory towns which would help to stabilise the industrial labour population round productive centres.

### 12. The VillageNexus

The main source of recruitment of labour in factories is still the village, and this village connection had its advantages

and disadvantages. The Labour Investigation Committee (1946) summed up its views in the following words:—

"The question of maintenance of contact with the village may be considered from two angles. Firstly, the village may be looked upon as a place where the industrial worker can seek realization for short periods. Secondly, it can be regarded as a source of security to him. So far as the fomer aspect is concerned, we have no doubt that the industrial worker should be given the fullest facilities inculuding those of transport, such as cheap return tickets, etc. during holidays or leave. On the other hand, we do not accept the proposition that the village nexus is to be positively encouraged in the years to come as a source of social security for the workers. The obvious course is to improve conditions in the industrial towns, as regards work in factories, housing, wages, nutrition etc. and also provide measures of social security for the workers. It has been generally admitted that apart from the development of landlessness among workers, the village, the joint family and the caste, are steadily deteriorating as economic supports of the workers, and that, at the present juncture, the workers are in a transitional stage in which they are gradually losing the support of the village and have not been able to secure a firm footing in the industrial areas. In view of this, to turn back the clock of time and either to prevent the worker from coming to the town or to force him back to the village would be a step in the wrong direction."

### 13. Absenteeism

A feature of Indian labour is absenteeism; absence from work both avoidable and unavoidable. Absenteeism is harmful to the worker as this reduces his income as "no work, no pay" is the rule (holidays with pay is not to be treated as absenteeism). The employer suffers in terms of disciplne and efficiency on account of absenteeism. The maintenance of

workers to change jobs for better prospects or personal satisfaction or of the employer to change or reduce workers because of the need to "rationalization" of production. But high labour turnover is a measure of industrial dissatisfaction and has obvious disadvantages and frequently the current level of production of the firm, involves direct and indirect financial costs while involving loss to the workers.

Labour Turnover (per 100 workers) in Cotton Textile Industry in the State of Bombay (Maharashtra and Gujarat) by size Group of Establishments, 1951-60 is as follows :—[1]

| | Up to 100 | | 500-1000 | | Over 2000 | | All Establishments | |
|---|---|---|---|---|---|---|---|---|
| | Accession | Separation | Accession | Separation | Accession | Separation | Accession | Separation |
| 1951 | 11·38 | 5·95 | 3·14 | 1·94 | 1·48 | 0·98 | 1·65 | 1·12 |
| 1959 | 8·22 | 6·85 | 1·98 | 1·59 | 1·87 | 1·22 | 1·90 | 1·25 |
| 1960 | 7·31 | 6·54 | 2·30 | 1·24 | 1·45 | 1·18 | 1·49 | 1·22 |
| Maharasthra | | | | | | | | |
| Gujrat | 1·22 | 0·23 | 0·39 | 0·75 | 2·19 | 0·99 | 1·71 | 0·87 |

"Improvement in methods of recruitment is one of the principal remedies for excessive labour turnover. The Badli control system introduced by the Millowners' Association, Bombay has to some extent applied this remedy. But more radical and effective methods such as establishment of employment exchanges, restriction of the powers of jobber and organization of a personnel department are required. Improvement of working conditions, adoption of an enlightened policy of management in respect of wages, transfers and promotion, leave and holidays, provision of facilities for education and training, promotion of welfare work, introduction of unemployment and sickness insurance, of gratuities and pensions—these will contribute to make the labour more stable than it is at

1. *Indian Labour Statistics*, 1962 (Labour Bureau), page 118.

## 16. Employment Exchanges

Employment offices were set up in India during 1943-44 to facilitate the orderly absorption into civil life a large number of service personnel released and demobilised. A Directorate General of Resettlement and Employment was set up in July, 1945 under the supervision of the Department of Labour. The Government of India set up in November, 1952 an inquiry Committee (B. Shiva Rao Committee) to assess the need for the continuance of the resettlement and employment organisation and to suggest the future shape of this service. The Shiva Rao Committee recommended :—

"In view of the many-sided potentialities of the employment exchange organisation, it should be placed on a permanent footing and renamed as the "National Employment Service" with a Central Headquarters 'Directorate of Employment Exchange' under the Ministry of Labour.

The main work of Employment Exchange would be (*i*) spreading of information about man-power and jobs; (*ii*) the procuring of jobs for persons registered with the exchange and the procuring of workers for the requirements of the employers; (*iii*) appraisal of training needs and review of existing training plans; (*iv*) employment counselling and vocational guidance; (*v*) providing general information on employment useful to the employers, Government agencies and the public, by way of issuing Employment Market Information.

The National Employment service has now come to stay. There is a net-work of Employment Exchanges spread throughout the country. The extent of service performed by the Employment Exchanges is indicated by the following figures for May, 1962.

| | |
|---|---|
| Number of Exchanges at the end of the month | 342 |
| Number of Registrations during the month | 320005 |
| Number of applicants placed in employment during the month | 41453 |

ment Ministries and State Governments; (*iv*) to keep contacts with Divisions in the Planning Commission dealing with manpower.

Planning for employment including under-employment rural and urban has been an important objective since the Second Five-Year Plan and the increasing population in the country would result in a still greater emphasis on this in our successive Plans. This Manpower planning would basically concern itself with balancing with demand our own growing Manpower both qualitatively in terms of requisite trained personnel and qualitatively in terms of total number of jobs, both old and new. The Employment Market Reports issued at specified period by the Directors of Employment and Training give useful information about employment market trends and situation in public sector in a given region.

In view of the wide range of issues involved in Manpower Planning, an Institute of Applied Manpower Research has been set up which will work in close collaboration with the Central and State Governments and with industrial and other organisations. The Institute will by its studies of requirements of trained manpower attempt to secure the most effective utilization of the country's human resourses.

### 18. Employment and Training Scheme

By the end of the Second Plan period, there were 166 industrial training institutes with 42,000 training seats. By the end of the Third Plan the number of these institutes will be increased to 318 with an additional 58,000 seats giving an estimated output of 2 lakhs craftsmen during the Plan period.

The Apprentices Act of 1961 was applied to all the territories of India, except Jammu and Kashmir, with effect from March 1962.

In all matters of conduct and discipline, the apprentice shall be governed by the rules and regulations applicable to

workers in the trade in the establishment in which the apprentice undergoing apprenticeship training in a designated trade in an establishment shall be a trainee and not a worker and the provisions of any law with respect to labour shall not apply to or in relation to such apprentice. The above measure would prevent the trainees mixing up with trade union movement and enabling them to be turned out as efficient personnel.

Every apprentice undergoing apprenticeship shall have to learn his trade conscientiously and diligently and endeavour to qualify himself as a skilled craftsmen before the expiry of the period of training and every employer has to provide the apprentice with the training in his trade in accordance with the provisions of the Act, and the rules made thereunder and to pay to every apprentice during the period of apprenticeship training such dividend at a rate not less than the prescribed minimum rate as may be specified in the contract of apprenticeship and the stipend so specified shall be paid at such intervals and subject to such conditions as may be specified.

## 19. Population and Occupied Population

Some Basic Statistics Relating to Indian Economy published by the Reserve Bank of India in 1961 gives the following data :—

| | Population | |
|---|---|---|
| | 1951 | 1961 |
| Population (Millions) of which | 359·22 | 436·42 |
| (*a*) Urban | 61·87 | 77·84 |
| (*b*) Rural | 294·09 | 358·58 |
| Occupied Population | | |
| Total of which | 356·74 | |
| (*a*) agriculture | 249·12 | |
| (*b*) non-agriculture | 107·62 | |
| (*i*) Production other than cultivation | 37·68 | |
| (*ii*) Commerce | 21·32 | |
| (*iii*) Transport | 5·62 | |
| (*iv*) Other services and miscellaneous services | 43·00 | |

It has been estimated that of "every 100 Indians, including their dependents, 47 are mainly peasant proprietors, 9 mainly tenants, 13 landless labourers, one is a landlord or a rentier (agricultural) while ten are engaged in industries or other non-agricultural production, 6 in commerce, 2 in transport and 12 in the services and miscellaneous professions."[1]

The working force (persons in the working age group) in the country in 1955-56 was estimated at 15½ crores. Of this the factory population was just 36 lakhs.[2] The number of small artisans and cottage workers in the rural and urban areas taken together is estimated to be over 10 millions. As a result of the sharp increase in India's population, the number of new entrants to the labour force during the Third Plan has been estimated at 17 million, about a third of the increase being in the urban areas. The importance of industries as a factor in India's economic development is being recognised. The experience of the first two Plans has shown that a larger proportion of the employment opportunities generated during the period have gone to the non-agricultural sector. This trend will continue in future and it should be possible to reduce the proportion of working force dependent on agriculture to around 60 per cent by 1976.[3]

## 20. Activity Rates

Scientific Man-Power Planning will need to project about the size of the working population, say in the coming ten to fifteen years. Working population may be affected by migration or immigration ; by more women or fewer women and the time periods of their entering into employment market by raising

1. *India 1954*, the Publications Division, Government of India, page 19.
2. Ministry of Information and Broadcasting: *Labour in India* (1957), page 12.
3. *Third Five Year Plan*, page 157.

or lowering of the school leaving age, by the revision of the age of superannuation or the rise in the activity rate due to better health and a rise in longevity etc. etc.

The official population forecasts in the United Kingdom for the ten years published in the current issue of the Economic Trends, reproduced in the London Economist dated September 29, 1962, page 1221 give interesting information about Activity Rates. Similar projections will need to be made for India for Man-Power budgeting.

## 21. Activity Rates (United Kingdom)

Percentage of totals in each age sex group who were occupied are as follows :—

| AGES | Men | | Women | | | |
|---|---|---|---|---|---|---|
| | | | *Single, Widowed and Divorced* | | Married | |
| | 1956 | 1961 | 1956 | 1961 | 1956 | 1961 |
| 15—29 | 78 | 75½ | 80 | 76½ | 43 | 43½ |
| 20—24 | 99½ | 96 | 99 | 99 | 43 | 41½ |
| 25—29 | 99½ | 99½ | 91½ | 99 | 33½ | 32½ |
| 30—34 | 99½ | 99½ | 90½ | 99 | 29 | 32 |
| 35—39 | 99½ | 99½ | 82 | 92 | 34½ | 37 |
| 40—44 | 99½ | 99½ | 83½ | 93 | 37½ | 41 |
| 45—49 | 99 | 98½ | 80 | 81½ | 36 | 42½ |
| 50—54 | 96½ | 85 | 70 | 73½ | 32½ | 39 |
| 55—59 | 94½ | 94½ | 57½ | 61 | 25½ | 31 |
| 60—64 | 92 | 90 | 32½ | 31 | 12 | 16½ |
| 65—69 | 53½ | 44 | 6 | 6 | 5 | 6 |
| 70 and Over | 20 | 17 | | | | |
| Total | 88½ | 86½ | 54½ | 53 | 30 | 32½ |

As would be seen from the table, there has been a gradual fall in the proportion of younger people seeking work on account of their pursuing education beyond the minimum leaving age. We see slight decline in the proportions of older men and single women staying on at work, as a result of the growth

of occupational pension schemes. There has been a continuous rise in the "activity rate" of married women between the age group 30 and 65. The rise compensates for the slight decrease in the number of single women of working age.

"On the basis of the above assumptions, the Ministry of Labour calculates that the working population will rise by nearly a million over the next ten years."

## 22. Composition of Industrial Labour

The number of factories on registers in the area covered by the States during 1956 and 1957 were 34,234 and 37,216 respectively.

The average number of workers employed daily in different industries in 1957 was as under :—

| | |
|---|---|
| Processes allied to agriculture (gins and presses) | 109,325 |
| Food except beverages | 407,346 |
| Beverages | 5,983 |
| Tobacco | 139,950 |
| Textiles | 1,149,703 |
| Foot-wear, other wearing apparels and made up textile goods | 15,562 |
| Wood and cork except furniture | 32,873 |
| Furniture and fixture | 9,940 |
| Paper and paper products | 31,699 |
| Printing, publishing and allied industries | 82,678 |
| Leather and leather products (except foot-wear) | 19,913 |
| Rubber and rubber products | 29,271 |
| Chemicals and chemical products | 97,696 |
| Products of petroleum and coal | 15,998 |
| Non-metallic mineral products (except products of petroleum and coal) | 132,306 |
| Basic metal industries | 113,139 |

| | |
|---|---|
| Metal products (except machinery and transport equipment) | 78,227 |
| Machinery (except electrical machinery) | 129,480 |
| Electrical machinery, apparatus, appliances and supplies | 45,033 |
| Transport equipment | 273,754 |
| Miscellaneous industries | 130,519 |
| Electricity, gas and steam | 32,007 |
| Water and sanitary services | 5,511 |
| Recreation services (cinema studios) | 3,656 |
| Personal services (laundries, dyeing, cleaning) | 11,771 |
| | 3,103,340 |

## 23. Number of Registered Factories and Persons Employed

The undermentioned table gives the growth of employment in registered factories between 1892 and 1943 :—

| Year | No. of Factories | Men | Women | Children | Total |
|---|---|---|---|---|---|
| 1892 | 656 | 254,336 | 43,592 | 18,888 | 316,816 |
| 1912 | 2,710 | 685,822 | 130,025 | 53,796 | 869,643 |
| 1923 | 6,985 | 1,113,508 | 221,045 | 74,620 | 1,409,173 |
| 1933 | 8,452 | 1,167,284 | 216,837 | 19,091 | 1,403,212 |
| 1939 | 10,466 | 1,498,218 | 243,516 | 9,403 | 1,751,137 |
| 1943 | 13,209 | 2,158,319 | 265,509 | 12,484 | 2,436,312 |
| 1944 | 12,071 | — | — | — | 2,520,251 |
| 1945 | — | — | — | — | 2,642,977 |

According to the Factories Act of 1948, there are three categories of registered factories, namely, (i) those em-

| | Number of factories | Estimated average daily employment (in thousands) |
|---|---|---|
| Himachal Pradesh | 22 | 2 |
| Manipur | 69 | 3 |
| Tripura | 55 | 2 |

### 24. Employment of the Public Sector

The number of persons employed in the different branches of the public sector on 31st December, 1961 was 73 lakhs consisting of Central Government 21·54 (lakhs); State Government 30·57 lakhs; Quasi Government 8·49 lakhs and local bodies 12·40 lakhs.[1]

### 25. Features of Plantation Industries

Plantation includes any agricultural undertaking regularly employing hired workers and which is mainly concerned with the cultivation or production for commercial purposes of coffee, tea, sugarcane, rubber, fibres, citrus, palm oil, cinchona or pineapple. "Some idea of the growth of the plantation industry may be had from the increase in paid-up capital invested by the joint stock companies, which rose from Rs. 3·67 crores in 1895-96 to Rs. 15·39 crores in 1935-36. Moreover, the paid-up capital of the joint stock companies registered abroad, but operating in India amounted to £29·7 million in 1935-36".[2] On account of the repatriation of capital in India since independence foreign plantations working in India have been purchased by Indian capitalists. According to the Report of the Plantation Inquiry Commission, in 1954, Rs. 113·06 crores were invested in the tea industry alone.

Plantation industries are prized for the foreign exchange

1. "Indian Labour Journal"—August 1962, page 670.
2. "Industrial Labour in India", I. L. O. Studies No. 41, page 23.

these earn. In 1958-59, India exported tea and coffee worth Rs. 130 and Rs. 8 crores respectively. On account of vagaries of international demand, employment in plantation industry is highly fluctuating. Plantation industries provide employment for men, women and children and also open employment in primary, secondary and tertiary sectors.

Some idea of employment on plantations in India is indicated by the following figures :—

Workers on tea plantations in India (1956) —938,458

Workers on coffee plantations in India (1956-57) —200,781

Workers on rubber plantation in India (1956) —63,034.

## 26. Mining Industries

The average daily number of workers employed in mines in India was 298,650 in 1939 ; 549,048 in 1951 and 651,321 in 1957. The nature of work in mining calls for work both underground and on surface —Mining employs both men and women workers.

Employment in important mines by type of mining in 1956 is given below :—

*Coal*—352,429—Underground—Men 191,708 ; Open workings—Men 24,495, Women 11,355 ; Surface, Men—90,276 Women—34,595.

*Manganese*—109,948—Underground—Nen 2,037 ; Open workings—Men 53,233, Women 37,192 ; Surface—Men, 10,367 Women 7,119.

*Iron Ore*—37,301—Open working—Men 18,403, Women 8,166 ; Surface—Men 8,155, Women 2,377.

*Mica*—33,973; Underground—Hen 18,861; Open workings—Men 5,970, Women 785 ; Surface—Men 6,459, Women 1,898.

## 27. Maritime Labour

For ships playing on the high seas and on her coasts India needs seamen. Recruitment is done in the ports of Calcutta

and Bombay. Goanese also offer themselves for recruitment. The supply of seamen far exceeds the demand. Hence unemployment and poor conditions of service prevail among seamen.

The ship is not only the seaman's working place ; it is also his place of shelter and relaxation. While on deep sea, he is like a prisoner confined to his ship.

The conditions of labour in dockyards have received special legislative attention. As their work is of a casual nature, the government adopted the policy of decasualization of dock workers based on registration, regulation of terms and conditions of employment, training and welfare of dock workers.

## 28. Non-Manual Workers in India

By and large, all non-manual workers belonged to the category of the educated class.[1] The rise of non-manual workers as a class is a worldwide pehnomenon today. With the expansion of the tertiary sector in occupations, communications and education, the number of non-manual workers in the working class has been on the increase.

"In recent years...there have been attempts at organization and resort to agitation and demonstration on the part of the non-manual workers in India. Cases have been referred to tribunals, mutual relations have been strained, and in some cases the state has intervened. Non-manual workers have taken to trade-unionism and there is a general demand for improvements in their conditions".[2]

Non-manual employees in Government offices, Posts and

1. When every one goes through the high school the educated will have to do every kind of work, including every level of manual work. This is not a bad thing; but it tends to create a gap between expectation and reality, between life in school and life on the job.
2. 'Recent Developments in Certain Aspects of Indian Economy'—V (International Labour Office), page 73.

Telegraphs and Railways, Life Insurance Corporation, employees of the Reserve Bank of India, State Bank of India and other commercial banks, journalists, teachers and nurses have gone on strikes for the redress of their grievances and revision of their salaries and scales of pay. The Central Government employees declared strike on 11th July, 1960, but the strike collapsed within a week

Increased unionization among clerical and sub-professional workers is becoming inevitable due to a number of reasons. High prices have pressed very hard on the customary standard of living. The sense of a better status among non-manual workers is fast disappearing on account of the contraction of the "distance" between the wages of the manual and non-manual workers and the application of paid vacations, sick leave, pension to the two alike. The degree of skill in the tasks of non-manual workers is decreasing due to their being subjected to scientific management techniques. The distance between the lower staff and the top management is also increasing.

### 29. Shops and Offices

Legislation to regulate conditions of work in shops, commercial establishments, restaurants and theatres made its beginning into Provinces since 1939 when Provincial Autonomy was introduced and popular governments had to legislate in this field of workers as well. Various Provincial Shops Acts differ in both scope and content. The need for a central legislation for shops and commercial establishments was felt and it was decided at the 13th session of the Standing Labour Committee (1953) that the Central Government should initiate such a legislation. Hours of work for shops and commercial establishments have been fixed (9 a day and 48 a week), rest intervals have been indicated, annual leave with wages has been provided, wages for overtime and one weekly holiday with pay have been included. The States are expected

to conform their legislation to the standard of the Central legislation.

*Labour Legislation.*—The labour movement of India has been running almost parallel to the labour legislation in the country. At first labour legislation fostered labour movement, for till the commencement of the First World War labour was hardly a force to reckon with whether with legislators or with the industrialists. It was since the beginning of the twenties of the present century that the pressure of labour problems became the motivating force for labour legislation.

Principles guiding labour legislation are : (*i*) Social Justice, *i.e.*, an equitable relationship between employers and workers, (*ii*) Social Welfare, material and moral amelioration of workers (including their dependents) both inside and outside the industrial centres, (*iii*) International Solidarity, *i.e.*, promoting uniform labour conditions through international labour agreements and conventions, (*iv*) requirements of national economy, *i.e.*, ensuring normal growth of industry for the benefit of the nation as a whole, improving working conditions in the interest of industrial efficiency, spreading purchasing power widely through labour force to secure a wide and a stable home market and social insurance with a view to creating a contented, happy and dignified labour class.

But in India it was the pressure exercised by the British manufacturers over their Parliament which was responsible for early labour laws. The prompting came from those who either wanted the cost of production in Indian factories to increase or help the European settlers to exploit the native labour freely, as these laws enforced penalties for breach of contract by workmen.

### 30. Classification of Labour Legislation

Labour legislation in India may broadly be divided in the undermentioned categories :—

(A) *Specific Legislation* : (*i*) Plantation legislation, (*ii*) Mining legislation, (*iii*) Transport legislation and others.

(B) (*i*) *Factory Legislation* consisting of (*i*) Legislation for regulating hours of work and conditions of work, (*ii*) Legislation relating to workers' organisation and trade disputes and (*iii*) Protective and welfare legislation.

*Specific Legislation*

(*a*) *Plantation legislation.* It was in connection with the conditions of work in specific industries that labour legislation began in India. Workers in plantations were the first to come under legislative control. Most of the tea-gardens were located in Assam where labour was scarce. Labour had, therefore, to be recruited and sent from Bengal and other provinces to Assam. It was felt necessary to control recruitment and regulate emigration. Labour was recruited under contract from three to five years and so the indenture system was introduced. In 1859, the workmen's Breach of Contract Act was enacted for "the punishment of breaches of contract by artificers, workmen and labourers in certain areas." The planters also made use of the penal code of 1860 to punish idleness on the part of the labourers under contract to arrest absconders without warrant.

To control recruitment to plantations by speculators a series of legislative measures from 1863 to 1901 were passed by means of which recruiters were licensed, emigrants registered, sanitation provided on the way to labour districts, scales of wages determined and the period of labour contract fixed. Amendments were made in the Assam Labour and Emigration Act in 1908, 1915 and 1926.

On the recommendations of the Royal Commission on Labour in 1931, the Government of India passed the Tea District Emigrant Labour Act of 1932 which came into force on 1st of October, 1933. The Act controls the forwarding and recruit-

ment of those emigrants who secure assistance of any kind in going to Assam. An assisted emigrant has the right to be repatriated at the expense of the employer after three years of service. Recruitment to tea gardens of children under 16 and married women is permitted only if children are accompanied by their parents or guardians and women have the consent of their husbands.

The Controller of Emigrant Labour supervises the working of the Tea District Emigrant Labour Act of 1932, but he has no control over conditions of labour and life in the Assam tea gardens as there is no provision in the Act regarding proper accommodation, sanitation, water supply, medical treatment, wages, hours of work, educational facilities, rest, recreation and welfare arrangement for labourers employed on the tea estates.

Even with regard to the limited scope of the Tea District Emigrant Labour Act, no provisions regulating the routes, conditions of travel and arrangements for food exist for labourers returning home. The one-sided nature of the legislation is clear from the fact that the safe return to home of tea labourers after completing their period of contract is no concern of the planters.

Labour conditions on plantations have escaped legislative control, probably because of the absence of any interested external pressure and also on account of lack of any organisation on the part of the workers. It is only in the case of the State of Cochin plantation labour that legislation framing rules for protecting the interests of labourers employed with respect to housing accommodation, medical aid, sanitation measures, regulating employment of children and women was enforced from 1st of May, 1937.

Plantation legislation could stand no delay. The Tripartite Industrial Committee on Plantation (1948) formulated the outlines of plantation legislation. The principle has been accepted that provincial Governments have power to enable

the public to have reasonable access to the plantation workers. Lack of any outside contact with labour due to many gardens not offering the rights of way and access enabled the planters to exploit their workers and evade their responsibility towards labour welfare. Employment of children under 12 is to be banned. Housing Boards and Wage Boards are to be set up. Minimum standards of housing, provision of adequate supply of water and welfare amenities such as creches and recreational facilities have to be provided.

Wage Boards may be set up by provincial Governments in plantations divided into convenient wage areas for fixing and enforcing fair wages consisting of basic wages and cost of living allowances. The composition of the Wage Board would be : two representatives each of employers and workers, Government nominated chairman assisted by one or two assessors. A Provincial Wage Board would review the wages fixed by local boards and give directions regarding principles to be followed for fixing wages.

Provision of medical service in tea, coffee, rubber and cinchona plantations on a minimum standard set down by Major Lloyd Jones in his report was also agreed upon by the Tripartite Industrial Committee on Plantations.

### 31. Plantation Labour Act, 1951

The Act applies to all tea, coffee, rubber or cinchona plantations on which 30 or more persons are employed, or were employed on any day of the preceding 12 months. With the previous approval of the Central Government, any State Government may apply the provisions of the Act to any other class of plantations within that state. The Act provides for health and medical facilities for workers, creches, housing, hours of work, weekly rest, holidays with pay, bonus, the employment on plantations of women and children at night and of children under 12 years of age.

The Act has also provided for the appointment of a Chief Inspector and Inspectors of Plantation and certifying surgeons for the examination of and enquiry into the conditions of work, and for the exercise of medical supervision.

(*a*) *Mining Legislation.*—Mining industry was introduced in India in the 19th century, but the employment of labour in mines remained unregulated till the end of the century. Due to the absence of British competition in this industry and the small number of persons employed underground the necessity of mining legislation was not felt. But with the employment of large numbers undergound (70,129 in 1901) and those of women and children, the Government appointed a mining inspector in 1893, set up a Mining Committee in 1895 to draft rules and passed the first Mines Act in 1901.

According to the Act of 1901, a mine is defined as any excavation for minerals which is deeper than 20 feet below the level of the adjacent ground. The Act created the appointment of a Chief Inspector, prohibited the employment of women in a mine in which the conditions regarding health and safety were considered to be dangerous by the Chief Inspector and also banned the employment of children under twelve.

During the First World War mining industry received a great impetus. There was unrest among workers in mines, particularly in the coal mines, which accounted for the largest number of mines. (In 1901, of the total number of 104,660 workers in mines 95,309 were employed in collieries.) Further the ratification by the Government of India of the Hours Convention of the International Labour Conference made it necessary to amend the Mining Act of 1901. A new Indian Mines Act was consequently passed in 1923 and came into force on 1st July, 1924. This Act defined a mine as to include any excavation, irrespective of depth, for purposes of obtaining minerals. Work in underground was limited to 54 and above-

ground to 60 hours per week. A week was to consist of 6 days. Employment of children under 13 was prohibited.

Defects in the working of the Act were sought to be remedied by the Amending Act of 1928. No person could be employed for more than 12 hours on any one day. There was agitation against the employment of women underground and from 1st July, 1929, the Government prohibited the employment of women in cartain mines underground with a view to completing elimination of their employment by 1st July, 1939. This programme was, however, completed earlier, so that no woman was allowed to be employed underground after 1st October, 1937. Public opinion was being focused on the unsatisfactory conditions of work in mines and the Government of India passed the Indian Mines (Amendment) Act of 1935. This Act limited the hours of work to 54 a week and 10 a day above ground. The daily hours of work in underground was reduced from 12 to 9. The mininum age of employment of children was raised from 13 to 15. Persons between 15 and 17 could be employed underground only on the certification of physical fitness by qualified medical practitioners. The Act also gave equal representation to the miners on the Mining Board, which looks after the health and safety of the workers. Mines were required to record all accidents iucapacitating persons for 24 hours or more and local Governments were to report on the administration of the Act.

The occurrence of fires in collieries in 1935 and 1936 led the Government to tighten up safety regulations for the protection of mines. The Act was amended which gave the power to the Inspectorate to issue orders to individual mines to take precautions against the premature collapse of any part of mine and the danger of consequent out-break of fire. The amended Act also established Boards of Health to look after the health of areas in mines in different localities.

Workers in oil-fields are exempted from statutory control

of the Indian Mines Act in respect to hours of work and health and statutory regulations with regard to safety. There seems to be no good reason for the continuance of exemption of legislative control in the case of oil-fields.

During the last World War the coal industry felt shortage of labour. To meet the situation, the Government of India temporarily lifted the ban on the employment of women underground provided no woman was employed in galleries less than 6 feet in height and that there was no difference in the wages paid to men and women labour underground and women could not be employed underground for a period of 26 weeks after confinement. The ban on the employment of women underground was reimposed from 1st February, 1946.

(*b*) *Mines Act of* 1952. This Act brings the mine workers in line with factory workers and has been widened to cover power stations which generate power used wholly in connection with work in mines.

Maximum number of hours of work has been fixed at nine hours a day on the surface or eight hours a day below ground subject to a maximum of 48 hours per week.

The Act provides for specific arrangements in respect of the supply of drinking water and the installation of latrines and urinals etc. It contains a new chapter regarding holidays with pay. Twelve months' continuous service earns 14 paid holidays in the case of workers paid on a monthly basis and seven paid holidays in the case of workers paid by the week or workers employed on piece rate basis.

Overtime pay at a rate which is one and a half times the ordinary rate of wages in the case of surface workers and twice the ordinary rate in the case of underground workers has been provided for.

Certified surgeons have to be appointed who are to carry out prescribed duties in connection with the examination of the young persons engaged in dangerous occupations or processes,

and to exercise medical supervision in cases of occupational diseases and where young persons are employed on work which may impair health.

Compulsory provident fund scheme for coal miners has been given effect to.

## 32. Mine Safety in India

The International Labour office was requested by the Government of India to survey the position in respect of mine safety. The experts of the I.L.O. surveyed the position from November, 1960 to April, 1961.

Out of a total number 3,169 mines working in India in 1958, 837 were coal mines and 2,332 non-coal mines. Recent industrialization has led to the exploitation of iron ore, limestone and manganese based on modern techniques and safety practices. But the coal-mining industry being an old one has been working without of date systems of mining and is now to meet the demand for increased production. The total production of coal envisaged by 1965-66 is 100 million tons which is double the figure for 1959.

The relative importance of the public and private sector in coal mining is indicated by the figures that out of 60 million tons production target for the Second Five Year Plan (1956-61), 44 million tons were to come from the private and 16 million tons from the public sector. Coal mines absorb nearly 60 per cent of the total labour force engaged in all mines in India. In 1958 out of 649,360 workers engaged in all mines, 382,072 were in coal mines, of which underground workers numbered 214,991. The number of female workers employed in open-cast workings loading coal and sand and transporting material in 1958 was 41,460.

Under the Indian Coal Mine Regulations the Department of Mines has power to demand certain standards in respect of various mining procedures. These powers are being used to

raise progressively the level of safety in mines. Although due allowance should be made for the need to frame mining regulations on as broad a base as possible after careful consideration of the range of conditions encountered in all of the mines concerned, certain standards could advantageously be laid down for ventilation, size of pillars, illumination, shot firing and other matters".[1]

"Unsafe conditions exist in many mines today as a result of insufficient foresight in the past. Numerous accidents can be attributed wholly or in part to poorly planned mining layouts. Before a mining venture is commenced, or before major changes of policy, methods or scale of production are decided upon, due consideration should be given by all concerned to matters which may affect safety. This procedure would be facilitated by arrangements to encourage at the planning stage collaboration between the mining engineers and all other interested parties. Such arrangements might take the form of a Mines Development Board, with the Chief Inspector of Mines among its members, and having its cardinal function the study of all mining projects from the point of view of safety needs and requirements".[2]

Both miners and supervisory staff must be thoroughly trained in safety measures if accidents in mines are to be avoided.

(c) *Transport Legislation.* Before the Indian Railways (Amendment) Act of 1930 was passed, there was no statutory regulation governing the conditions of work of railway servants except those employed in railway workshops which were covered by the Indian Factories Act. The initial urge to regulate hours of work on railways came from the ratification by the Indian Government of the International Labour Conference Conventions in 1919 regarding hours and relating to

1 & 2. "International Labour Review", September, 1962, page 267 and 270.

the weekly rest in 1921. The Indian Railways (Amendment) Act of 1930 limited hours of work to 60 per week in the case of continuous work and to 84 hours per week in the case of those who worked intermittently. Overtime work was to be paid at a rate $1\frac{1}{4}$ times of the ordinary rate. One day's rest in a week was provided in the case of all railway servants, whose work was continuous. Certain categories of railway servants, such as running staff watchmen, watermen, sweepers and gate-keepers, supervisory and management staff and those who were covered by the Factories and Mines Acts were excluded.

To adjudicate the dispute between nine Government Railways and the Government of India in respect of hours of work, periodic rests, leave reserves and leave rules and holidays concessions to daily-rated and inferior staff, the Government of India appointed in 1946, Mr. Justice Rajadhyaksha. The award (submitted to the Government in May, 1947) emphasised that all categories of Railway workers including loco and traffic running staff such as engine crew, guards and brakesmen should be brought within the scope of the hours of Employment Regulations and should be re-classified.

A classification of railway servants into intensive continuous, essentially intermittent and excluded categories was suggested. Intensive workers (which include section controllers, staff employed in line clear work, yard staff, signallers on heavy circuits and wireless operators) should be employed on four shifts of six hours each. Continuous class (persons employed continuously for six hours without a respite) should be employed for three shifts of eight hours each. Essentially intermittent (those whose work includes periods of inaction aggregating six hours or more) should be employed on two shifts, of 12 hours each. The excluded categories (limited to supervisory staff, health and medical services, persons employed in confidential capacity, saloon attendants, etc.) are not to be governed by any laid down hours of work.

The statutory limits suggested are 45 hours per week, for "intensive" staff, 54 hours for continuous workers and 75 hours for essentially intermittent workers.

A weekly rest of at least a full night and a full day for all 'continuous', and 'intermittent' workers and a fortnightly rest of 24 hours for other staff has been suggested. The act of 1956 embodies changes in hours of work, periods of rest etc. of railwaymen suggested in Rajadhyaksha award given in 1947.

The Indian Merchant Shipping (Amendment) Act of 1931 and 1933 regulates the employment of children and adults on ships. Persons under the age of 14 cannot be employed on a ship except when they are under the charge of their fathers or guardians. Persons below the age of 18 cannot be employed as trimmers or stokers and for other types of employment on ship—a medical certificate of physical fitness is necessary.

### 33. The Indian Merchant Shipping Act, 1958

The Act establishes a National Shipping Board for General Administration, formation of a shipping development fund, registration of Indian ships, granting of certificates of competency to Officers of ships, classification of seamen and apprenticeship to the sea services, survey of passenger ships, inspect safety arrangements, wreck, salvage etc. etc. At every port a seamen's employment office is to be opened and all recruitment of seamen must be through the Employment Exchange.

The Indian Ports Amendment Act of 1931 prohibited the employment of children under 12, from handling goods anywhere within the ports; the age-limit was raised to 15 by the Employment of Children Act of 1938. The Indian Dock Labourers' Act, 1934, protects the port workers against accidents in the loading and unloading of ships. The Act has been brought into force only from 10th February, 1948, one year

Lancashire cotton manufacturers saw in this development in India a rival to their interests. Thus they agitated in England for control of labour conditions in India, although ostensibly on humanitarian grounds. The first Indian Factories Act was passed in 1881. According to this Act a 'factory' was defined to be any premises using power, machinery and employing 100 persons or more for at least four months in the year. Children between the ages of 7 and 12 were not to be employed for more than nine hours a day with an interval for rest of one hour, and a weekly holiday. This Act was amended in 1891 partly to give protection to women labour and mainly as a result of political pressure from British textile interests. According to the amended Act, a 'factory' was to include all undertakings employing 50 persons or more and local Governments were given powers to apply it to premises, employing 20 persons or more. The hours of work for women were fixed to 11 a day with a rest interval of an hour and a half. The minimum and maximum age limits for employment of childern were raised to 9 and 14. Their hours of work were limited to 7 a day, with a rest interval of half an hour. There was a boom in textile industry in 1904-1905. Hours of work became excessive and the demand was now made for regulating the hours of work of adult male workers. On the recommendations of a factory labour commission in 1907, the Government of India passed the Indian Factories Act of 1911 which limited the hours of work of men and children in textile factories to 12 and 6 a day and prohibited the employment of children at night. The amendment of the Factories Act in 1922 was the result of the adoption of conventions on hours, minimum age, night work, etc., at the first International Labour Conference held at Washington in 1919. The Act extended the definition of a factory to include all industrial undertakings using mechanical power and employing 20 or more persons and gave local Government the power to further extend the law by

notification to establishments employing 10 or more persons and working with or without mechanical power. The hours of work for adult workers were restricted to 60 a week and not more than 11 per day. The lower and upper limits for the employment of children were raised to 12 and 15 respectively and their hours of work were fixed at 6 hours a day with an interval of half an hour. Provisions were also made for the health and safety of workers in factories.

The Royal Commission on Labour which reported in 1931 reviewed the existing labour legislation and recommended the amendment of the Indian Factories Act along the following directions:—reduction of the hours of work, improvemnt of the working conditions and the better observance by the factories of the provisions of the Act. The amending factories Act of 1934 came into force on 1st January, 1935. The Act laid down a 54-hour week and a 10-hour day for all adult workers in non-seasonal (Perennial) factories, and a 60-hour week and an 11-hour day in seasonal factories (working for 180 days or less in a year). As regards overtime, payment was to be made at $1\frac{1}{4}$ rate for work exceeding 10 hours a day in perennial factories and exceeding 60 hours a week in either seasonal or non-seasonal factories. Hours of work for children (persons between the ages of 12 and 15) were reduced from 6 to 5 a day and for women from 11 to 10 a day. Persons between the ages of 15 and 17 could be employed as adults without a medical certificate of physical fitness. The spread-over of day's work has been fixed at $7\frac{1}{2}$ hours for children and 13 hours for adults. The Act also improved provisions regarding health and safety of the workers and extension of welfare amenities such as shelter for rest, drinking water and washing facilities and first aid appliances.

According to the report of the Labour Investigation Committee (1946) there was considerable evasion of the provisions of the Factories Act in small and seasonal factories in respect

of hours of work and overtime, employment of children, safety, health and sanitation due to the inadequate factory inspection in provinces and the arranged nature of inspection when the managers get advance information regarding a factory inspection.

The Factories Act was amended again in 1940, 1945 and 1946. By the amendment of 1940 the provisions of the Factories Act regarding registration of factories, protection of children and regulations relating to health and safety were extended to establishments employing not less than 10 persons or even less if mechanical power was used. By the Factories Amendment Act of 1945, adult and child workers were entitled to get 10 and 14 paid holidays in a year and holidays could be accumulated over a period of two years. By the 1946 amendment, 48 hours a week in factories was introduced which limited the weekly working hours to 50 and 48 and daily spread-overs to 11½ and 10½ in seasonal and perennial factories. The rate of overtime has been increased from 1½ times to double the ordinary rate.

In addition to the general provisions of the Factories Act protecting child labour, the children (Pledging of Labour) Act of 1933 made illegal an agreement to pledge the labour of a child except under certain conditions. An amendment to the Act made in 1939 prohibited the employment of children (persons below the age of 12 years) in small industries as *bidi*-making, carpet-making, shellac manufacture, mica cutting and splitting.

The tempo of labour legislation in India is becoming fast. The Indian Factories Act of 1948 brings up-to-date the provisions of the Factories Act of 1934 in respect of health, safety and welfare facilities to be provided in a factory. The minimum requirements regarding health (cleanliness, ventilation and temperature, dangerous dusts and fumes, lighting and control of glare, etc.), safety (eye-protection, control of explosive and

inflammable dusts) and general welfare facilities (washing, first-aid, canteens, shelter rooms, creches, etc.) are laid down by rules and regulations. Canteen is compulsory for a factory employing more than 250 workers and rest houses and luch for those with more than 150. No child may be employed in a factory until he has completed his fourteenth year. The hours of work for children have been reduced from five to four and a half hours. The maximum hours of work have been fixed at 48 per week and nine a day. Leave with pay is provided. An adult worker will get leave at the rate of one day for every twenty days of work after continuous work for a year and a child one day for every fifteen days subject to a minimum of 10 and 14 days, respectively. The problem of overcrowding in factories is tackled by legislating that a space of 500 cubic feet is to be provided in all new factories and 350 in existing factories. Plans of new factory building are required to conform to the standards laid down in the Act. This would prevent haphazard growth of industrial areas.

### 35. The Employment of Children Act, 1951

The employment of children under 15 years of age in any occupation connected with the transport of passengers, goods or mails by railway or connected with a port authority within the limits of any port is prohibited. The employment of young persons between 15 and 17 years of age during night in railways and ports is also prohibited.

### The Factories Act 1954

This Act prohibits employment of women and young persons during night in factories and also prohibits their employment for cleaning, lubricating, or adjusting any prime mover or transmission machinery while in motion. A period of 240 days has been fixed as the minimum attendance necessary during a calendar year to qualify for leave with wages.

## 36. The Industrial Employment (Standing Orders) Act, 1946

In Indian industry the rules of service are not definitely set out. Where these rules exist they have been interpreted to suit the convenience of the employers. Moreover, in framing these rules, neither Government nor workers' organisations are consulted. The Industrial Employment (Standing Orders) Act which applies to all industrial establishments employing 100 or more workers in British India, makes it obligatory for the employers of such establishments to define conditions of service and get them certified by an officer appointed for the purpose by the Central or Provincial Governments as the case may be. Possibilities of avoidable disputes and unfair treatment to workers in a covert manner would be reduced when clear standing orders relating to the undermentioned points are required to be laid down by law. Classification of workmen, manner of intimating pay days and wage rates, shift working, attendance and late coming, conditions and procedure for getting leave and holidays, termination of employment, suspension or dismissal for misconduct, conditions of temporary stoppages of work and means of redress for workmen against unfair treatment by the employer. Standing orders finally certified cannot be modified by the employer, within six months from the date of certification except on agreement between him and workers. Several states have amended the Act in its application to their respective areas.

## 37. General Working Conditions

We have it on the authority of the Labour Investigation Committee that in regard to working conditions, most of the employers seldom do more than what they are obliged to do by law, and even this is evaded in several cases. Special measures to prevent the occurrence of accidents or protect the workers against dust, heat, etc., are usually not adopted. The

intimate bearing which working conditions have on the health and efficiency of labour is not sufficiently realised.

(*e*) *Protective and Welfare Legislation.* So long as the employers have the upper hand and labour is both needy and unorganised, legislative protection is necessary in many ways. The Payment of Wages Act, 1936, applied to persons employed in a factory and to persons employed by a Railway administration. It provides for prompt payment of wages (within seven days after the expiry of wage period of a month), safeguards against unauthorised deductions, non-recording of overtime wages in the register of wages, delay in payment of wages, non-payment of bonus, dearness allowance, and non-maintenance of registers, etc. Children under 15 are not to be fined. No fine is to exceed half an anna per rupee of the wage, and no fine can be recovered by instalment or after 60 days of its imposition. Legislative measures have been taken in the last decade for protecting the wages of the workers from attachment, preventing besetting of industrial workers and for liquidating their debts.

The Dock Workers Act (1948) seeks to protect Port labour by doing away with the evil of casual employment and providing fair terms and conditions of work and minimum unemployment pay.

The Minimum Wages Act (1948) is the first step of its kind in India towards a statutory regulation of wages. Workers in sweated trades such as carpet-making, rice-mills, tobacco and *bidi*-making, oil mills and mica and lac manufacture, stone-breaking, road construction, public motor transport, plantation growing and agricultural occupations are sought to be protected. The fixing of minimum wages by provincial Governments in the 'scheduled' occupations is obligatory except when the total number of persons employed in any of them in a whole province is less than 1,000. A two years period had been allowed for the fixation of minimum wages

in all scheduled occupations, except in agriculture in which a period of three years had been permitted. The time limit for fixing minimum wages in scheduled employments and in agriculture was extended from time to time and by an amendment Act of 1961 was done away with.

The workmen's Compensation Act of 1923 introduced the principle that the worker has a right to be compensated by the employer if he meets with an accident or injury during the course of his regular employment. This Act has been amended in 1933 and 1939. The amount of compensation varies with the nature of injury sustained and the monthly wage of the worker in question. Workers earning not more than Rs. 10 a month are entitled to Rs. 500 for death, Rs. 700 for permanent disablement and Rs. 15 a month for temporary disablement. The maximum compensation for persons getting over Rs. 200 a month has been fixed at Rs. 4,000 for death, Rs. 5,600 for permanent disability and Rs. 30 a month for temporary disability. Minors get at the uniform rate of Rs. 200 for death, Rs. 1,200 for permanent disablement and half the wage for temporary disablement. Injuries which are cured within seven days are not entitled to compensation. Fatal accidents even arising out of worker's fault are covered by the Workmen's Compensation Act as amended in 1933. Later amendments, also included industrial and occupational diseases listed in the schedule under the provisions of the Workmen's Compensation Act.

In the year 1960 the total number of injuries (death 1,244; permanent disability 4,433; temporary disablement 75,852) reported was 81,529. The total amount of compensation paid during the period was Rs. 85·50 lakhs (death Rs. 39·64 lakhs, permanent disablement Rs. 24·83 lakhs; temporary disablement Rs. 21·05 lakhs).

The workers have not derived full benefit from the act on account of the ignorance about its detailed provisions, absence

of agencies which would give the workers necessary legal and other assistance, and the fear of losing job if the full claim is pressed. The inspecting staff should be empowered to take up the cases of workers who have not been paid due compensation by the employers. A provision should also be made in the Act requiring that all accidents whether fatal or non-fatal should be reported to the Labour Commissioner followed at an early date by a statement showing the amount of compensation paid for each accident and where the liability is disclaimed a brief statement of reasons in support of it.

The first Maternity Benefit Act was passed by the Bombay Government in 1929 and this was followed by the C.P. Maternity Benefit Act of 1930. After the Royal Commission on Labour had reported, Maternity Benefit Acts were also passed in the other provinces of India. The Central Government passed a Mines Maternity Benefit Act extending maternity benefits to women employed in mines. In the maternity benefits legislation there is no provision of free medical aid before, during and after confinement except in Sind and Assam. There was no provision for preventing an employer from dismissing a woman worker on the first sign of pregnancy except in Madras and Bengal. The U.P. Act grants in addition to the ordinary benefit a bonus of Rs. 5 to a woman worker who avails herself of the services of a qualified midwife or a trained woman health visitor at the time of her confinement as also three weeks' leave with wages in case of miscarriage. Maternity benefits are not claimed in many cases on account of the ignorance of the workers. Wherever possible, administration of the Act should be entrusted to women inspectors and maternity benefits should be properly publicised to the women workers. The working of the Act is most defective in seasonal factories like rice mills, cotton ginning and baling presses where there are large number of women workers employed. The main loophole in seasonal factories is that the qualifying period

(nine months service) is not fulfilled and this defect should be removed by reducing the qualifying period for seasonal factories. The three Central Acts—the Mines Maternity Benefit Act, 1941; the Employees' State Insurance Act, 1948; and the Plantations Labour Act, 1951 also cover payment of Maternity Benefits and in 1961 the Maternity Benefit Act was enacted to provide uniform standards for maternity protection.

### 38. State Insurance of Workmen

The Workmen's Compensation and Maternity Benefit Acts were the only legislative measures of social insurance in India. The trend in favour of social insurance for labour was flowing very fast. Professor Adarkar was asked in 1943 to prepare a health insurance scheme, probably as a first instalment to a fuller scheme of social security in India. His plan covered three major groups of Indian industries, *viz.*, all textiles, all engineering and all minerals and metals. Workers up to an income limit of Rs. 200 were included in the scheme. There was to be no non-contributory class of workers and the insurance fund was to give cash as well as medical benefit. Professor Adarkar also prepared schemes for protecting Indian seamen covering sickness, unemployment, injuries, old age and a maternity insurance for mine labour.

The establishment of an integrated system of health, maternity and employment injuries, insurance was recommended by Messrs Stack and Rao who reviewed the health insurance scheme to be adopted by the Government of India.

The Workmen's State Insurance Bill (1946) was introduced in the Central Legislation and envisaged a compulsory State insurance providing for certain benefits in the event of sickness, maternity and employment injury to workmen employed in or in connection with work in factories other than seasonal factories.

The insurance fund will be mainly derived from contribu-

Central Government would defray two-thirds of the administrative expenses of the scheme for a period of five years. The gaps still to be filled in a fuller social insurance plan for India are unemployment insurance, old age pension insurance, invalidity insurance and survivorship insurance and the Government have been seriously considering proposals regarding compulsory provident fund and employment insurance.

"By the end of March, 1961 the insurance scheme was extended to about 16·74 lakh industrial workers in 121 centres in the Union Territory of Delhi and all the states except Gujarat. Medical care was provided to about 5·73 lakh units of families of insured workers in Delhi and all the States except Gujarat, Kerala, Madras and West Bengal. At the end of 1960-61, employees' contribution stood at Rs. 5·01 crores and the employers' contribution at Rs. 3·74 crores. A sum of Rs. 3·47 crores was given to insured persons by way of benefits, of which Rs. 2·57 crores accounted for sickness, Rs. 15·15 lakhs for maternity, Rs. 63.41 lakhs for disablement and Rs. 11·73 lakhs for dependents".[1] During the Third Plan period the scheme will cover 30 lakh workers and will be extended to all centres having 500 or more industrial workers.

*Coal Mines Provident Fund.*—The institution of a compulsory Provident Fund scheme for coal mines was a step in the field of social insurance. The Coal Mines Provident Fund and Bonus Scheme Act, 1948, applied to all coal mines in India. The employer's and the employee's contribution was fixed at 6¼% of the total emoluments of the employee. The amount of the fund at the end of September, 1961 was Rs. 25 crores and the number of subscribers to the fund was 40,035 in the year 1960-61.

*Employees' Provident Fund.*—The Employees' Provident Fund Act of 1952 covered at the end of 1961, sixty-one indus-

1. *India 1962*, page 380 (Publications Division).

The long term factor which has the greatest expansionary effect is the population growth which social schemes are liable to encourage.

Further, if along with increase in labour costs resulting from adoption of social security schemes, productivity also rises, labour costs may be more than recovered and with fuller utilization of increased productive capacity, price inflationary tendencies will tend to be counteracted.

Social Security cannot be used to abolish poverty, although its adoption will awaken society's conscience towards this problem. Assuming responsibility for securing against interruptions of income arising out of either natural course of life or its accidents may, however, be a small approach to meet the situation of primary poverty in which even insufficient earnings sufficient for the maintenance of physical efficiency are interrupted.

## 40. Workers' Organisation

The true aspect of labour movement is to be traced in the struggle for recognition by the labourers of their right to associate together and take concerted action, or resort to collective bargaining when need be, to have their legitimate demands conceded. It is, therefore, to the trade union movement that we must turn to understand the growth and significance of the labour movement in India.

In the end of the 19th century Mr. S.S. Bangali and Mr. N.M. Lokhande espoused the cause of women and child workers employed in the cottonm ills of Bombay. The Bombay Millhands' Association was established in 1890 by Mr. Lokhande which succeeded in getting a weekly holiday for workers. The Brahmo Samaj undertook to do social work among labourers by opening night schools and propagating temperance. Loose organisations of labourers did come into existence in India with the progress of the factory system of production. The

first labour organisation to be registered as such was the Amalgamated Society of Railway Servants of India and Burma in 1897. But the union members and officials were without any legal protection and their unfair struggle was continued till the Indian Trades Union Act was passed in 1926. Labour movement came to show sympathy for political leaders of eminence and there was a six-day mass strike in Bombay against the sentence of 6 years imprisonment on Lokmanya Tilak in 1908. The 'Kamgar Hitvardhhak Sabha' or 'Workers' Welfare Association' was formed by social workers in Bombay in 1910.

The labour movement was on a rising tide after the end of the First World War. Wages lagged behind prices during the war and economic discontent provided a fertile soil for labour movement. In the political field, too, forces favoured labour organisation. The Indian National Congress was demanding self-government which raised new hopes in the labour regarding their status and fortune. India's membership of the International Labour Organisation in 1919 created a new lever for the growing labour movement.

Mr. B.P. Wadia set up a labour union of textile workers in Madras in 1918 and its success made the workers zealously interested in trade unions. In 1920 was established the Textile Labour Association at Ahmedabad, which set up a model for successful trade unions. In the year 1920, labour organisations federated themselves into the All India Union Congress for purposes of sending a nominee to the international Conference at Geneva.

In 1921, the Madras High Court passed an interim injunction in the course of a strike restraining the union leaders from interfering with the business of the employers. Mr. N.M. Joshi realising that trade union movement could not progress without legislative protection made an unsuccessful attempt to have a trade union Bill passed. In the absence of legal recogni-

tion of labour organisations, the struggle for workers' rights was carried on by sacrificing and courageous labour leaders and philanthropic outsiders. The workers remained docile and unorganized and solved their personal difficulties by migrating from one job to another or from industrial town to villages. The police and the magistracy were frequently employed by the employers to suppress any type of concerted action by the workers. The economic issues involved in an industrial agreement were in this way lost sight of.

Legislative protection to trade unions came as late as 1926 when the Indian Trade Unions Act was passed. This Act encouraged the registration of unions and thus promoted healthy unionism by giving legal status to registered trade unions and freedom from civil and criminal liability to trade union members and their executive in respect of strikes. The funds of the registered trade unions which were subject to auditing could be employed for the conducting of trade disputes and the provisions of educational, social, or religious benefits for its members. The majority of the members on the executive of the registered trade unions must be from the workers.

The working class movement was on a high tide in 1928 when the trade union membership in Bombay rose from 48,669 in 1923-26 to 75,602 in 1927 and leapt forward to 93,321 by March, 1928, and to 200,325 by March, 1929.

There was a split in the trade unions in 1929 which gave rise to the formation of the National Federation of Trade Unions under moderate leadership, the Indian Trade Union Congress representing the left-wing of the labour group. This division in labour ranks weakened the movement and fortunately in 1938 the two organisations reunited under the All-India Trade Union Congress.

The establishment of Congress Provincial Ministries in 1937-38 resulted in a great advance in the registered trade unions. The movement also spread to seasonal and unorganized indust-

ries. During the Second World War labour conditions became more complex and such problems as dearness allowance, bonus, longer hours of work, overtime, etc., demanded better organisation of workers. The number of registered trade unions increased from 667 with a membership of 511,138 in 1939-40 to 865 with a membership of 889,388 in 1945. In the same period the number of factory workers rose from 1,751,137 to 2,642,977.

Trade union movement is strong among Railwaymen, Post and Telegraph workers, textiles and sea-men. The All-India Railwaymen's Federation has 15 affiliated unions and the All-India Postal and Railway Mail Service Conference has 11 affiliated provincial unions. The total income of registered trade unions in 1944-45 was Rs. 19,40,000.

In order to keep in touch with the Indian Labour Movement and guide its growth along proper lines the Congress sponsored the Indian National Trade Union Congress. The aims of this new trade unionism may best be stated in terms of the resolution passed at their first session in Bombay in May, 1948, "establishment of an order of society which is free from hindrances in the way of an all-round development of its individual members, which encourages the growth of human personality in all its aspects and goes to the utmost limit in eliminating social, political or economic exploitation and inequality, the profit motive in the economic activity and organisation of society and the anti-social concentration of power in any form, always by peaceful means consistent with truth." According to Mr. Gulzari Lal Nanda, this young I.N.T.U.C. has been founded on the principles of Gandhian socialism.

The Indian Trade Unions (Amendment Act) of 1947 makes recognition of representative registered trade unions by employers compulsory by order of a labour court. A recognised trade union is one which is registered under the Act and fulfils certain conditions. Its rules do not exclude any workman of

the industry from its rules provide for the procedure for declaring a strike and also for the meeting of the executive at least once in six months. The Amendment Act was not enforced, thus the compulsory recognition of unions was not accepted. As a consequence of discussions held at 16th session of the Indian Labour Conference, held in May, 1958, where there is more than one union, a union may be recognised if it fulfils the condition of having at least 15 per cent membership of the total number of workers in the unit and has been functioning for at least one year after registration. Where there is only one union the period of registration will not matter. It has been suggested that where there is only one union, the condition of 15 per cent membership may not apply and where there are several unions in an industry or establishment the union with the largest membership will be recognised. Membership will be counted of only those who have paid subscriptions for at least three months during the period of six months preceding the reckoning. A union will be recognised as a representative union for an industry or a total area, if it has membership of at least 25 per cent of the workers of that industry in that area. Once a union has been recognised there should be no change in its position for a period of two years, if it has been adhering to the provisions of the Code of Discipline.

### 41. Recognition to Heavy Electricals Employees Union

The recognition to Heavy Electricals (Bhopal) Employees Union was challenged recently by the Heavy Electricals Servants Trade Union. The HETU challenged the recognition of HEEU which is affiliated to INTUC. The issues involved are summed up in the following press note dated 18th February, 1963 issued on behalf of the Madhya Pradesh Government:

"Government's attention has been drawn to a statement appearing in a section of the Press on the recognition of the Representative Union for Electrical Goods Industry in Bhopal by the Registrar. The correct facts in this connection are as under :

In the Heavy Electricals (India) Ltd., Bhopal there are four trade unions registered under the Indian Trade Unions Act.

Out of these four unions two unions *viz.* the Heavy Electricals Employees Union (INTUC) and the Heavy Electricals Servants Trade Union (not affiliated to any of the all India Federation of trade unions) had applied to the Registrar of Representative Unions, Madhya Pradesh for being recognised as Representative Union in respect of electrical goods industry in the local area of Sehore district.

*Membership.* Any Union having membership of 25 per cent or more in an industry and not suffering from any of the disqualification such as participation in a strike declared to be illegal, can apply to the Registrar of Representative Unions for being recognised as a representative union.

Where more than two unions apply for being recognised as representative union in the same industry in a local area the union having larger membership alone can be recognised as representative union.

Counter objection were raised by both the unions about recognition. The Heavy Electricals Servants Trade Union had objected to the recognition of Heavy Electricals Employees Union on the ground that the Heavy Electricals Employees Union did not have 25% membership and that the Heavy Electricals Servants Trade Union had larger membership between the two.

Similar objections were also filed by a number of individuals. The Heavy Electricals Employees Union had objected to the recognition of Heavy Electricals Servants Trade Union

on a number of grounds one of which being the participation by the HESTU in a strike declared to be illegal.

The objectors were given proper notice and hearing was fixed at Bhopal for two days by the Registrar of Representative Unions for the convenience of the numerous objectors.

None of the individual objectors except the representative of the Heavy Electricals Employees Union and the HESTU appeared before the Registrar.

The individual objectors had, therefore, forfeited their right by not pursuing their objections.

In regard to scrutiny of membership figures, again the HESTU failed to produce basic record unavoidably necessary to verify the membership which is the most essential qualifying condition for recognition as unanimously accepted by the Tripartite Indian Labour Conference and incorporated in the Madhya Pradesh Industrial Relation Act.

*Objection.* Furthermore, the objection of the Heavy Electricals Employees Union against the Heavy Electricals Servants Trade Union regarding participation in an illegal strike within six months of making of the application was also upheld.

The Heavy Electricals Employees Union was found on verification from record to fulfil all the requisite conditions for being recognised as a representative union and it was therefore recognised as such for Electricals Goods Industry (which includes the Heavy Electricals (India) Ltd., Bhopal) in the local area of Sehore district."

*Trades Councils.* Trades Council is an amalgamation of local unions in the various trades to make them act in a co-ordinated manner. It is thus an association of independent unions and their branches in a locality.

"The first and the only Trades Council of Bombay was formed on 11th February, 1928, when a meeting of thirty-two representatives from twelve trade unions passed a resolution to that effect. The objects of the council were to co-ordinate

the activities of all the labour unions in Bombay to further the interests of the workers in economic and political matters, to organise educational classes on trade unionism, to assist in local industrial disputes and to carry on labour propaganda. Eleven unions with a total membership of 54,903 formed the units of Bombay Council. The only other reference to Trades Council in India is in a resolution passed by the ninth session of the T.U. Congress, asking for the establishment of Trades Councils under the auspices of the Provincial Committees of the congress in each town where there existed three or more unions."[1]

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**42. The Trade Union Act, 1960**

The Act prescribes a minimum subscription[2] fee of 25 Naya Paisa per month per member of the Trade Union. The Act empowers the Registrar or any other duly authorised officer to ask for or inspect books, registers, certificate of registration and other documents relating to registered tradeunions.

*Facilities to Recognised Trade Union.*—According to a memorandum circulated by the Union Ministry of Labour and Employment to the various Central Ministries in 1961, recognised associations and trade unions should normally be permitted to hold meetings on open land outside the security zone of office and factory premises.

The Government employees for whom recognised trade unions made a request to work as full time union functionaries might be released on foreign service terms.

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1. *Trade Unionism in India*—S D. Punekar, page 314.
2. Collection of union subscription through the pay-roll is known as the "check off". In the collective agreement between management and workers' union "check off" may be agreed. But the 16th Indian Labour Conference held at Nainital in May, 1948 rejected the proposal for "check off".

the industry was not injured and the national interest did not suffer ?"[1]

The Inter-Union code of conduct was evolved to mitigate the evils of inter-union rivalry. The Code is reproduced below: "We, the representatives of four Central Labour Organizations, namely, INTUC, AITUC, HMS, and UTC, agree to observe the following basic principles for maintaining harmonious inter-union relations:—

(1) Every employee in an industry or unit shall have the right to join a union of his choice. No coercion shall be exercised in this matter.

(2) There shall be no dual membership of unions.

(3) There shall be unreserved acceptance of, and respect for, democratic functioning of trade unions.

(4) There shall be regular and democratic election of executive bodies and office bearers of trade unions.

(5) Ignorance and/or backwardness of workers shall not be exploited by any organisation. No organisation shall make excessive or extravagant demands.

(6) Casteism, Communalism and provincialism shall be eschewed by all unions.

(7) There shall be no violence, coercion, intimidation or personal vilification in inter-union dealings.

(8) All Central Labour Organisations shall combat formation or continuance of Company Unions.

A machinery consisting of representatives of the four central labour organisations, with an independent Chairman might be set up for implementing the Code of Conduct.

### 46. The Times of India Strike

The Times of India stay in strike of ten days in the latter half of September, 1962 and subsequent lock out declared on

1. Address of G. L. Nanda before the 16th session of Indian Labour Conference.

1st October ended in victory for the employees in the award of the Chief Minister giving interim relief and referring the demands of the workers, including revision of wage scales, enhancement of dearness allowance etc. to arbitration.

The lesson of the strike from the point of trade union unity may be thus described: "Every section of Bombay's working class was fully in sympathy with the strikers, but I was surprised to find a strange and inexplicable reluctance on the part of the leaders of different trade unions to come together and take concerted action.

One cannot escape the feeling that political affiliations and mutual suspicion had a lot to do with such isolationism.

I was told that some among the Times of India union leaders feared that an attempt was being made by a big labour union in the city to "capture" their union. Although the leaders of the big labour union concerned were very quick to deny the allegation, there was no sign of their taking the initiative. Whatever the truth of the matter, there was no justification for fighting shy of joint consultations at a critical time when working class solidarity was the supreme need".[1]

## 47. Slow Growth of Trade Unions

In spite of the growth of a number of trade unions it cannot be said that the movement has picked up sufficient strength from within or it has resulted in continuity in the personnel of its leadership or policy or the labour leaders are in a position to 'deliver the goods.' Obstacles to trade union development are: Migratory nature of labour which weakens the stake and interest of the workers in labour struggle, the poverty of the average worker for whom even a small subscription to union fund is a burden, the illiteracy of the labouring class which

1. Mainstream—October, 13, 1962.
"The Times Strike"—page 14.

owners' Association. The collector acted as the umpire. The composition of the arbitration board was an important factor making each party meet the other half-way. The Royal Commission on Labour was of the opinion that there were some local factors like uniformity of language and of religion[1] of the employers and the workers and the highly respected leadership on either side that was responsible for the good start and splendid work of the Ahmedabad Textile Labour Association.

The Ahmedabad Textile Labour Association is the only craft union in India. It is a federation of eleven craft unions. This is an occupational or a craft union as distinguished from an industrial union or a general union. Craft unionism is limited to the organization of skilled workers in a craft and is therefore weak in its struggle against the industrialist. It is narrow in its out-look, having been organised to safeguard sectional or group interests. The general pattern of unions in India is of industrial unions. In generality of cases the formation of occupational unions has been discouraged and the formation of industrial unions encouraged by the Indian National Trade Union Congress. "It has been categorically stated that the INTUC was not there to recognise any difference between workers of different occupations in one and the same industry. This was equally true about the clerks and the workers. Workers engaged in one industry should necessarily be associated with the central industrial union in a locality irrespective of their occupations. The Working Committee of the INTUC even adopted a resolution and reiterated that it was not in the interest of the working class to have unions on any basis other than the industrial basis. It, therefore, advised all occupational unions to merge with the industrial unions existing in the locality as early as possible. It further advised the unit-wise

1. The Royal Commission on Labour observed that Musalman weavers in general were outside this union.

unions in any area to form themselves into industrial unions at a very early date".[1]

The membership of the Association was 1,04,046 by the end of the year 1960-61 and members pay a subscription varying from annas four to Re. 1 and annas eight per fortnight according to their income. The occupational strength of members as classified under the occupational groups was as follows :— (A) Frame, card and Blow, 13352; (B) Ring spinning, 21555; (C) Reeling, 655 ; (D) Winding, 4209 ; (E) (*i*) Weaving, 34712 ; (*ii*) Warping, sizing etc. 3553 ; (F) (*i*) Folding and stamping, 4014 ; (*ii*) Calendar, Finishing and Bleaching etc. 6283 ; (G) Jobber and Mukadam, 2836 ; (H) Clerks, 3225 ; (I) Power Plant and Mechanics, 6437 ; (J) General, 3215.[2]

"The Ahmedabad Textile Labour Association deserves to be studied in detail. Its welfare work, its successful co-operation with the mill-owners, its system of joint conciliation and arbitration, its structure on the basis of craft-unionism and its success in the maintenance of industrial peace mark it quite distinct from other unions in India".[3] While workers in Ahmedabad were getting 20 per cent less wages in 1920, as compared to Bombay, they were getting a wage about 10 per cent higher by 1948 due to long spell of industrial peace following the use of the machinery of arbitration.

The chart of Activities of the Ahmedabad Textile Labour Association gives a clear idea of the field of its work. The manifold activities are placed under the following heads :— Election and Meetings ; Membership fees ; Union Development ; Conditions of work and disputes ; complaints, arbitration, labour legislation ; Trade Benefits—victimization benefit, legal aid, strike aid, help in compensation accidents, em-

1. Annual Report of the INTUC for 1953-54.
2. Annual Report of the Textile Labour Association, Ahmedabad (1960-61), published in 1962.
3. *Trade Unionism in India*—S.D. Punekar, page 367.

ployment aids; social centres—recreation, health, instruction—libraries and reading rooms, visual education; Social Betterment—education, day and night schools, adult literacy classes, nursery schools, girls' hostel, medical aid, cheap credit and savings, work for backward communities, cheap stores, welfare work among women; civic conditions, municipal complaints, labour representation in municipality; Information Bureau; Publicity—periodical (*a*) Majur Sandesh (*b*) Sarvodaya; Relations with other sections of Labour—local, textile federation, other centres; Office Administration—constitution and bye-laws, returns and procedure under Government Acts and Rules, organization of work.

The major activity of the Textile Labour Association is the settlement of industrial disputes and maintenance of peaceful relations with the management. An analysis of the complaints received during 1960-61 revealed that 6,899 related to pay, 449 were about hours of work including shift arrangements and rest intervals, 106 related to the question of holidays, 4,489 were complaints about conditions of work, arising from bad materials, unsatisfactory conditions, excessive breakages, 3,105 complaints were recorded about unjust penalties and 2,749 were regarding assaults, ill-treatment, bribe taking and leave rules under the standing orders.

The analysis of complaints by Results for the year 1960-61 shows that of the grand total of 30,570 complaints, 5,263 were pending. Of the result the analysis was :—Successful 16,714, compromised 2,999, false 439, unreasonable or trivial 3, unsuccessful 4, closed 4,834, repeated 304, rejected 10.

The set up of the Complaints Department is like this. "A large number of complaints are, in the first instance, taken by the elected representatives to the departmental head and the manager of the mills if necessary for necessary orders. They

are registered by the Union Office only when they are not satisfactorily solved at the floor level.

The complaints department of Association managed by full time workers is divided into two main divisions, each incharge of a Divisional Officer. The Divisional officers are assisted by group-in-charges, under whom there are Inspectors incharge of different mills. The inspectors investigate the complaints and try to settle them. If any complaint is not settled, the group-in-charge takes it up for further negotiations. If he fails to resolve the disputes, it comes to the Divisional Officer and the Secretary."[1]

Six important collective agreements between the Ahmedabad Millowners' Association and the Textitle Labour Association were entered during the year 1960-61. The Textile Labour Association entered into 145 agreements with the individual mills and memorandum of settlements in 69 cases were recorded before the Government Conciliator.

The Ahmedabad Textile Labour Association has done very commendable work and this gives rise to a natural question if this type of trade unionism can be reproduced at other centres. The success that it achieved was chiefly due to the start and the direction given to it by Mahatma Gandhi and it is difficult to presume the necessary fund of mutual good-will and faith elsewhere. Besides Ahmedabad Association remained free from political associations and leanings during the course of its work which enabled it to by-pass strikes as an instrument of its achievements and thus concentrate on economic, educational and welfare amelioration of its members. With respect to the Ahmedabad Textile Labour Association it could be said peace has its victories no less than that of war because its achievements were not the fruits of strikes but of labour-capital cooperation and understanding. There is however no doubt that

1. The Textile Labour Association, Annual Report 1960-61.

trade unionism has enough to pick up from the Ahmedabad model.

### 50. Craft Trade Unions in Britain

Craft unions are now considered an anachronism in Great Britain. These associations of skilled men have secured to the worker the price below which the labour would not work and to the employer the requisite quality of trained labour. The quality and the number of workers has been controlled through control over apprenticeships. "They have played an absolutely central role in the rise of British industry. Now they are playing an equally central role in its stagnation."[1] In the ship building trade in England, the employers have been forced by their employees to acquiesce in the uneconomic use of labour while new equipment is available. Shipbuilders have lost orders and ship-workers have had to face unemployment. By contrast in coal-mining whose labour is organised on the basis of a single industry union—the labour force has been reduced by 155,000 in the past five years, and the National Coal Board now shows a profit. Modernisation has been achieved with a minimum of distress to the redundant men.

Craft unionism in India in other industries has no future. As has been mentioned earlier, the working committee of the INTUC adopted a resolution to this effect.

### 51. Collective Bargaining

Collective bargaining refers to those arrangements under which wages, terms of employment, working conditions, labour management relations, fringe benefits, grievance procedure etc. are regulated by agreements between representatives of

1. *London Economist*—February 16, 1963, page 579.

workers and employers. Collective agreements are made for a stipulated period. To enable collective bargaining to function properly, the workers must be free to join together in trade unions which are not in any way under the control or influence of employers, in fact each side must be free to pursue its own interests free from pressures or domination from the other side: the procedure for dealing with questions as they arise and the machinery for avoidance of strikes and lockouts in connection with trade disputes has also to be evolved. The state can promote collective bargaining and assist in the implementation and enforcement of collective agreements in various ways as also through legislation.

Negotiations can be facilitated by laying down procedures for the workers to decide regarding the union which shall represent their bargaining and by making illegal, unfair practices which may disturb or disrupt negotiations resulting in bad feelings between the parties. Similarly, facilities provided by the State for conciliation and arbitration on the failure of collective bargaining and also the establishment of special machinery of labour courts, arbitration boards etc. to interpret and apply collective agreements would help to make collective bargaining more systematic and effective. The state may decide to extend to other units in a given occupation or industry not party to it provisions of negotiated collective agreement between employers and workers in a certain unit. The state may set up machinery to fix minimum wages and minimum conditions of work in unorganised trade or industry.

number of disputes resolved in 1956 ; 46·5 per cent in 1959 and 42·8 per cent in 1960.

Collective agreements are of three types : *First*, voluntary agreements negotiated directly between employers and workers ; *secondly*, agreements called "settlements" negotiated by the parties with the help of Conciliation Officers as provided under the Industrial Disputes Act, 1947 ; *thirdly*, "consent awards" that is agreements negotiated by the parties when the disputes are subjudice and are later submitted to Industrial Tribunals/Courts for incorporation as part of awards.

Collective agreements may be entered at the National level, *e.g.*, the Delhi Agreement entered on 17th February, 1951, the Bonus Agreement for Plantation Workers concluded in January, 1956 ; at the level of Industry, *e.g.*, Ahmedabad Textile Agreements entered on 27th June, 1955 ; at the Level of the Undertaking, *e.g.*, agreement concluded on 18th February, 1955 between the Bata Shoe Company and the Bata Mazdoor Union, the Jamshedpur agreement concluded on 8th January, 1956.

The Delhi Agreement was concluded between representatives of labour and management at a conference convened by the Government of India and related to rationalization and allied matters. The agreement mentioned principles on which rationalization of an industry may be proceeded with and left the implementation of these principles industry-wise at each centre through negotiation between the representative unions and management. The Agreement while facilitating the introduction of rationalisation in industry safeguarded the interests of workers from the point of view of their sharing in the benefits of increased profits, the absorption of displaced workers consequent on rationalisation and alleviating their hardships in case retrenchment became unavoidable.

The payment of bonus to nearly a million of plantation workers for the years 1953-56 was settled by an agreement

concluded between representatives of the Indian Tea Association and the Indian Tea Planters' Association on the one hand and of the Hind Mazdoor Sabha and the I.N.T.U.C. on the other. The Agreement provided that no bonus was to be disbursed if the company made no profits in 1954, two-thirds of the bonus amount was payable before 29th February, 1956 and the balance by the end of 1956, preferably in the form of National Savings Certificates.

The Ahmedabad Agreements were signed between the Ahmedabad Millowners' Association and the Textile Labour Association. The first agreement laid down that disputes should be settled without going to the court by mutual negotiations, failing which by arbitration. The machinery for arbitration was mentioned in the Agreement according to which there were to be two panels of arbitrators, one each selected by association of workers and employers and a panel of umpires consisting of not more than five and not less than two independent persons to be nominated jointly by both the associations. The dispute would be referred to a Board of Arbitrators consisting of two arbitrators, one each selected from the two panels of workers and employers and the umpire selected by the two arbitrators either from the panel of umpires or from outside. In case of difference of opinion between the two arbitrators, it shall refer their individual decisions to the umpire for giving his award whose decision would be final and binding on both the parties—and neither party can take recourse to any legal proceedings after the registration of the decision under the provisions of the Bombay Industrial Relations Act, 1946.

The second Agreement referred to the bonus question. The terms of the agreement fixed a ceiling of 25 per cent (three months) and a floor of 4·8 per cent (15 days) of the annual basic wage as bonus to textile workers in Ahmedabad. According to another provision mills which paid the minimum bonus

parties will have to be fully heard before a decision to use emergency powers is taken".[1]

"If joint machinery fails to resolve disputes, the parties should agree to refer such matters to arbitration, the decision thereof being binding on them. It is in the interest of both the workers and employers that they agree in advance that their unresolved disputes should be referred to voluntary arbitration".[2]

Australia has experimented with Compulsory Arbitration, but its adoption by other countries needs to be done with care and caution. Under compulsory arbitration neither the employer and his associations nor labour or trade unions need to keep themselves properly informed about the economics of industry, and code of good industrial relations as the two parties have a tendency to absolve themselves of their responsibilities in this regard if compulsory arbitration can easily be resorted to. Thus a sense of partnership in industrial relations cannot develop.

The case for compulsory arbitration has also some grounds. The early provision of machinery is created to assist the resolution of conflicts between employers and employees, which may drag on for a long time under trial of strength of the contending parties. Trade Union status is recognised before arbitration tribunals can work. The principles of "wage justice" would be applied to weaker groups of workers as to stronger groups. General wage levels tend to be adjusted to the state of national economy.

To sum up, compulsory arbitration[3] need not be regarded

1. *Labour Problems in Indian Industry*—V.V. Giri, (Second) edition), page 101.
2. *Ibid.*—page 102.
3. After the termination of the War (1939-45), the Industrial Disputes Act was amended which provided for compulsory adjudication.

(*Continued on next page*)

or relied upon as final solution of the industrial problem of the country. It may be thought of as half-way house on the road to an ultimate full freedom, of genuine collective bargaining. This will happen only when it is adopted as the extreme medicine and not the daily bread.

At the 20th session of the Indian Labour Conference held in August, 1962, references were made to cases of refusal by employers to agree to refer disputes to arbitration. It was agreed that readiness to refer disputes to arbitration was an important requirement of the Code of Discipline. Whenever conciliation fails arbitration will be the next normal step, except in case where the employer feels that for some reasons he would prefer adjudication, such reasons being creation of new rights having wide repercussions or those involving large financial stakes. However, the reasons for the refusal to agree to arbitration must be fully explained by the party concerned in each case, and the matter brought up for consideration by the Implementation Machinery concerned.

### 53. Employers' Organizations

As against an individual worker the employer is a host by himself. As against organised labour, the employers will feel the necessity of a corresponding organisation in defence. Employers' organizations have however existed in India before the labour organizations were on their feet. For proper and orderly industrial relations, well-organized associations of whether labour or capital are a help rather than a hindrance.

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In the case of a public utility service a strike or lock-out notice of 14 days was essential on receipt on which the Government was bound to refer the dispute to conciliation and thereafter to adjudication. In the case of other industries the Government was enabled to refer disputes to adjudication without the consent or despite the opposition of one or both parties.

In a democratic society, it should be possible to place responsibility for action and negotiations on some organized body as distinguished from individuals. Hence the importance of employers' organizations as well as of labour organizations.

Employers' organizations in India have taken three forms :— (*i*) commercial associations, (*ii*) industrial associations, (*iii*) employers' associations.

Commercial associations have existed in the form of chamber of commerce, association of merchants, bankers and other businessmen. European businessmen were pioneers in establishing chambers of commerce in Calcutta in 1834, in Bombay and Madras in 1836 and Kanpur in 1888. These associations were merged in 1920 into a central organization known as the Associated Chambers of Commerce of India and Ceylon.

The Indian commercial community founded their separate organizations. The Bengal National Chambers of Commerce, Calcutta, 1887, the Marwari (now Bharat) Chamber of Commerce Calcutta, 1900, the Indian Merchants' Chamber, Bombay, in 1907, the South Indian Chamber of Commerce, Madras, in 1909, and the Indian Chamber of Commerce, Calcutta, in 1925, were thus established.

Of the industrial associations, the Bombay Millowners' Association was the first to be established in 1875. Then followed the Indian Tea Association, Calcutta, in 1881, the Indian Jute Mills' Association, Calcutta, in 1884, the Ahmedabad Millowners' Association in 1891, the Indian Mining Association, Calcutta, in 1892, the United Planters' Association of Southern India Madras in 1893. As the early employers' organizations in Jute, Tea and Mining were exclusively European, Indian interests organised themselves into the Indian Mining Federation in 1913 ; East India Jute Association, Calcutta and Indian Tea Planters' Association were established subsequently. A central organization to cover industrial and commercial interests was established in the name of the Fede-

ration of Indian Chambers of Commerce and Industry in 1927.

Keeping in view the restricted problem of facing labour organizations, the employers have established the All-India Organization of Industrial Employers in 1923. This organization is linked to the Federation of Indian Chambers of Commerce and Industry. The Employers' Federation of Indian Chambers of Commerce and Industry allied to the Bombay Millowners' Association was established on 26th March, 1933.

A representative of the Indian employers' Associations is a member of the Governing Body of the International Labour Organization. Representatives of employers' organization are given a place on Regional Conferences and Industrial Committees. The employers' organizations have their impact on the evolution of labour policy and labour legislation. If the Labour Organisations claim to tell where the shoe pinches, the Employers' Associations profess to indicate the shape of the shoes, their sizes and their quantity. The wearer must have a shoe before it can pinch. Labour and Capital must first cooperate in the task of production and then cooperate in the task of efficient production and reasonable adjustments in distribution of the fruits of production. Employers' organizations have to show a foresight and farsight to keep labour movement running on the rails.

### 54 Industrial Relations

The sanction behind the trade union organization is strike. As labour consciousness and solidarity gained strength, labour grievances did not merely exhibit themselves in sulky resentment or migration to some other work in disgust or despair, but were expressed in demands backed by the threat to stop work or actual stoppage of work. Isolated industrial disputes took place in the end of the 19th century or beginning of the 20th century, but since 1918 industrial disputes were more frequent and serious so as to attract public attention to the question of industrial relations. After

the First World War there were series of strikes in almost all big industries and public utilities. Industrial unrest again showed itself in Bombay in 1924-25 owing to the reduction in wages and cessation of war bonus. Labour disputes continued till 1928 in which year there were 203 disputes involving 506,851 workers and a loss of 31,647,404 man-days. There were big general strikes in Bombay involving more than 100,000 men. Strikes put the labour on its feet, promoted solidarity among workers, attracted leaders from the intelligentsia into the labour movement; although these involved huge waste of man-power, engendered bitterness in industrial relations and retarded production. Record of industrial disputes during 1921 to 1936 showed that only a little over one-third of the disputes resulted wholly or partially in favour of the workers. The widespread character of strikes in 1928 and 1929 paved the way for the Trade Disputes Act, 1929. The Act set up courts of enquiry and boards of conciliation for the settlement of existing and apprehended disputes. Strikes and lock-outs in public utility services without a fortnight's previous notice were forbidden. Under the Trade Disputes (Amendment) Act 1938, Conciliation Officers were appointed for mediating in or promoting the settlement of trade disputes.

During the depression of 1929-33 wage cuts became necessary. Labour unrest flared up in 1934. Simmering discontent continued and the labour situation deteriorated considerably during 1937-38 on the verge of the introduction of provincial autonomy which was run in most provinces by the Congress party. A number of provinces set up labour inquiry committees. In 1939, there were 406 labour disputes involving 401,189 workers and resulting in a loss of 4,992,795 working days. During the war there was an outstanding increase in factory population and so the number of disputes naturally jumped up. But in 1942 under the Defence of India Rules, the Government prohibited or controlled industrial dis-

putes. Where necessary compulsory conciliation or adjudication of industrial disputes was enforced. In August 1942 a tripartite organisation consisting of representatives of Government, employers and labour was set up. There is a standing committee (which meets twice a year) and the plenary conference (which meets once a year), over both of which the Labour Member presides. The Government discusses the formulation of labour policy and labour legislation with the Tripartite Labour Organisation. Such matters as Government's housing programme for industrial labour, social insurance legislation, labour code for plantation labour, were discussed at the Tripartite Labour Conference for purposes of laying down a suitable policy and legislating on these subjects.

On the termination of the last war labour troubles increased in intensity as well as scope. A wave of strike swept the country which was exceptionally severe from March to July, 1946. Labour troubles were not confined to private concerns but occurred in a severe form in Government-owned public utilities and even in administrative services. The strike fever attacked the schools, the banks, insurance companies, tram and bus companies, municipalities, navy and air forces. Between January to September, 1946, there were 1,435 stoppages involving 1,817,727 workers and resulting in a loss of 8,925,251 man-days. The number of industrial disputes in 1960 was 1,556 ; number of workers involved was 9,83,000 and tolal number of man-days lost during the period was 65,15,000. The frequency rate was 0·093 ; the severity rate was 471 and the Index of industrial unrest was 111. The number of disputes involved in 1961 was 1,326 ; number of workers involved was 4,80,132 ; number of man-days lost 41,92,844 ; the frequency rate,* the severity rate[1] and the index[1] of industrial unrest were 0·075,

1. Frequency rate in the ratio of number of industrial disputes to one lakh of man-days scheduled to work ; Severity rate is the

*(Continued on next page)*

307, and 72 respectively. The causes responsible for the strikes can be gleaned from the demands of the All-India Trade Union Congress formulated early in 1946. These were—(*i*) maintenance of levels of employment ; (*ii*) consolidation of war-time dearness allowance with the basic rates of pay and fixation of minimum rates of wages ; (*iii*) an eight-hour day ; (*iv*) speedy enforcement of social security measures including health insurance and ; (*v*) recognition of trade unions. Strikes have also taken place on the issues of ill-treatment of workers or their victimisation after the strikes is settled.

Apart from the menace they involved to the peace of the country, strikes were undermining all efforts to produce more in a country afflicted by shortages of goods. The Industrial Disputes Act of 1947 was passed and came into force from 1st of April. The Act makes provision for the establishment of works committees in industrial establishments employing a hundred or more workmen. These works committees consisting of equal number of representatives of employers and workers are expected to remove causes of friction between labour and employers by voluntary agreement and mutual understanding. The Act provides for the establishment of a Board of Conciliation and a Court of Inquiry. Industrial tribunals composed of High Court judges can be set up for adjudication of industrial disputes. The awards of Tribunals and Boards of Conciliation are to be binding on the parties concerned for a period of six months if no agreement is reached on the point. Strikes and lock-outs during the pendency of conciliation proceedings is prohibited. The Act legalises political and sympathetic strikes.

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(*Continued from previous page*)

ratio of the total man-days lost due to industrial disputes to one lakh of man-days scheduled to work. The Index numbers of industrial unrest are the percentages of ratio of man-days lost to man-days scheduled to work for the given year as compared to the simliar ratio for the Base year, *i. e.* 1951.

Among the provinces which legislated for industrial relations, mention may be made of the Bombay Industrial Disputes Act, 1938 and the Bombay Industrial Relations, 1946.

## 55. Industrial Truce

At the end of 1947, the tripartite conference representing Government, management and labour proclaimed a three-year truce on the production front and accepted the following four principles :

(*i*) The fullest use to be made of statutory and other machinery for the resolution of industrial disputes ;

(*ii*) the establishment of machinery for the study and determination of fair wages and conditions of labour and fair remuneration for capital ;

(*iii*) the constitution of works committees in each industrial undertaking ; and

(*iv*) immediate attention to be devoted to the problem of housing and industrial labour.

The fact that industrial truce was agreed upon did not mean that the employers and labour were called upon to surrender their fundamental rights. There was a temporary suspension of industrial hostilities in the face of production being undermined. It may reasonably be hoped that the truce enabled both labour and capital to recognise their mutual dependence on the basis of which strikes will be averted, disputes amicably settled and an important impediment in the way of production drive removed.

The rivalry of political parties makes the preservation of industrial truce difficult. Politicians are prone to use their hold on the labour for furthering the ends of the parties and the urge for labour-capital co-operation in the interests of the ·tion is very much weakened. Workers are misguided and ept in a ferment of agitation. On the other hand, a complete

change of hearts on the part of the employers is equally essential.

Under the terms of industrial truce, an Expert Committee was set up to advise on fair remuneration to capital and the division of surplus profits between labour and capital. The committee comprised of representatives of Labour, Industry, Supply, Commerce and Finance Ministries of the Government of India. Advisory Committees at the Centre and in the provinces were also set up to implement the industrial truce resolution. The Central Advisory Committee was also set up to consider the report of the Experts' Committee on the question of fair return to capital.

The committee on profit-sharing recommended for six industries, namely, cotton textiles, jute, steel, (main producers) cement, the manufacture of tyres and the manufacture of cigarettes, as sectors in which profit-sharing may be tried in the first instance for a period of five years. None of the concerns covered by profit-sharing scheme was owned or managed by the Government.

### 56. Industrial Relations[1] (*continued*)

Industrial disputes are an index of the interruption of normal industrial relations between employers and workers. Industrial disputes are demonstrated in the form of strikes.[2] Organised interruption of work causes loss of earnings to the workers, it also upsets production, which if continued will lead to rise in prices on account of the shortage or expected shortage of the stock. Strikes if not properly conducted under discipline, or allowed to drag on to the extent of overstraining the

1. Labour relations as I use the term, covers the informal human relationship involved in a production as well as formalised procedures and institutions; it covers agriculture as well as industry; it includes the function of government as well as of employers and workers organization."—David A. Morse.
2. See Appendix IV—Trade Unions and Strikes—P. C. Malhotra.

sustenance capacity of the strikers often lead to danger to the normal working of civic life. But until the social millenium is attained, strikes will continue as necessary as a defence against injustice and oppression and as the only way of compelling the public to give its attention to hidden evils, in industrial relations. A marked feature of the maturity of the trade union and a rise in its influence is the reluctance to use the strike as a means of enforcing wage demands. The very magnitude of strikes will compel a change in strike policy. A trade union cannot declare a big strike with the same light heart as a small one involving a few scores of men.

Tact and forbearance on the part of the disputants may reduce occasions when industrial peace is disturbed as this attitude will enable the contending parties to understand the fundamental identity of interests between them. But the disputes which matter may not be caused by a misunderstanding of identity of interests, but by a better understanding of diversity of interests.

### 57. Amendments to Industrial Disputes Act, of 1947

A series of amendments were made to the Act during the period 1949 to 1957. "These related to, among other matters, inclusion of banking and insurance companies in the list of undertakings for which the Central Government alone was competent to constitute boards, courts or tribunals, power of the tribunals to hear complaints regarding alteration in the service conditions of workers during pendency of proceeding, payment of compensation to workmen in the event of their layoff or retrenchment, substitution of the existing system of tribunals by a three tier system of original tribunals, and amendments to provisions relating to lay-off and retrenchment compensation".[1]

1. Labour Legislation in India, page 79, International Labour Office, Indian Branch.

The Industrial Disputes Act was amended and applied to journalists in 1955 so as to cover Working Journalists who were previously not covered on the ground that (as pointed out by their employers) they were not manual or clerical workers but supervisory or intellectual workers.

The important features of the Industrial Disputes Amendment Act, 1956 are (*i*) The definition of the workman is enlarged to cover supervisory and technical personnel whose emoluments do not exceed Rs. 500/- per month. This clause may be expected to create the association of educated and responsible class among workers with trade union organisation and pave the way for rise of new labour leadership from within.

(*ii*) The appellate Tribunal created by the Industrial Disputes Act of 1950 was abolished. Labour courts, industrial tribunals and national tribunals were re-introduced. References to national tribunal were to be made by the national government in questions relating to inter-state or of national importance.

(*iii*) A new schedule of ten industries covered the list of public utility services. These are (*i*) Transport (other than railways) for carriage of passenger or goods by land, water or air, (2) banking (3) iron and steel (4) cement (5) coal (6) cotton textiles (7) food-stuffs (8) defence establishments (9) service in hospitals and dispensaries and (10) fire brigade service.

Ordinance promulgated in April, 1957 provided with effect from 1st December, 1956 for retrenchment compensation even in the case of 'bonafide' closure or transfer of an undertaking.

### 58. Positive Steps to Improve Industrial Relations

Prevention is always better than cure. The Government has, therefore, paid attention to the question of providing agencies which would create favourable conditions for harmonious industrial relations and avoid open conflicts.

A common forum for the resolution of differences by discussions and mutual understanding has been provided. The Plenary Labour Conference was constituted in 1942, on the model of the International Labour Conference and is composed of representatives of Government at the Centre and the States, of employers and of workers organisations. The Standing Labour Committee, constituted in 1942 is also a tri-partite body.

Tripartite Industrial Committees have been formed to "discuss various specific problems special to industries covered by them." Industrial Committees have been set up for the following industries : coal, cotton textiles, jute, plantations, cement, leather goods and building and construction.

A joint Consultative Board of Industry and Labour was set up in 1951. The Board would examine general questions such as production efficiency of industrial units, association of workers with management, training of retrenched workers in industries and thereby promote harmonious labour management relations, facilitate the conclusion of collective agreements and create conditions for avoidance of disputes and to facilitate their settlement at the national level.

There are tripartite bodies in the different states of India to deal with labour problems relating to legislation, industrial relations, employment and unemployment, health and welfare.

### 59. Tripartite Wage Boards

Wages constitute the major source of friction between employers and workers. Tripartite Wage Boards consisting of equal representatives of employers and workers and an independent chairman have been instituted for individual industries. A more acceptable decision, will be arrived at, it is expected, when the parties concerned have been given the responsibility of looking at the wage issues from both sides. The terms of reference of these Boards are as follows :—

(*a*) To determine the categories of employees (manual, clerical, supervisory etc.) who should be brought within the scope of the proposed wage fixation ;

(*b*) To work out a wage structure[1] based on the principles of fair wages as set forth in the report of the Committee on Fair Wages ;

(*c*) To bear in mind the desirability of extending the system of payment by results ; and

(*d*) To work out the principles that should govern the grant of bonus to workers in the respective industry.

In May 1956, the Government of India appointed a wage Board for the working journalists. The first Tripartite Wage Board for the Cotton Textile Industry was set up in March, 1957. Wage Boards were subsequently set for sugar industry (1957) and cement industry (1958). Wage Boards were subsequently set for the jute, the tea, coffee and rubber industries also.

### 60. Workers' Participation in Management

The worker "should be made to feel that in his own way he is helping to build a progressive State." This envisages increased association of labour with management. The second Five Year Plan accordingly provides for Councils of Management, consisting of management, technicians and workers in large establishments in organised industries. On the basis of the Report of the Study Group on Worker Participation in Management (1957) : a number of industries in the private

1. "While there were a great many ways of classifying wage rates, the discussion had suggested a fivefold classification of wage differentials : personal or individual wages : differentials between firms within a product market : wage differentials between industries or product groups : occupational differentials and differentials between geographical area."—*The Theory of Wage Determination*—J. T. Dunlop, page 418.

sector *viz.*, cotton textiles, jute, engineering, chemicals, tobacco, paper, sugar, cement, mines, and plantation and industries in the public sector *viz.*, railway workshops and yards, posts and telegraphs, ports, shipyards, transport workshops, mines, printing and electricity undertakings were to be included in this experiment. Undertakings selected for the experiment should satisfy the following conditions :—

(*i*) should have a well established, strong and active workers' union.

(*ii*) should employ at least 500 workers.

(*iii*) the employer should be a member of one of the leading employers' organisation (in the private sector), and the workers union should be affiliated to one of the Central federation.

(*iv*) the undertaking must have a good record in the matter of industrial relations.

Joint Councils of management have been set up in the transport engineering workshops of the Madras Government on 30th Sept., 1957 ; in Simpson's Group of Companies in Madras on 30th October 1958 ; in the Hindustan Machine Tool Factory, Jalahalli on 30th June, 1958.

In joint councils[1] of management, the workers will have an authentic channel of communication between management and labour, an agency for improving the working and living conditions of employees, a sense of participation in management ; all which will be conducive to increase in productivity.

## 61. Code of Discipline

The basis of discipline in industry is the just recognition by employers and workers of each others rights and responsibilities. The Code of Discipline was evolved in October 1957 with the approval of the Indian Labour Conference and the

1. *See* Appendix I—Joint Councils of Management.

Standing Labour Committee with the aim of settling disputes through constitutional methods rather than by resorting to direct action.

According to the Code there should be no strikes and lock-outs without notice. Neither party should resort to coercion, intimidation, victimisation or go-slow tactics and sit-down and stay-in strikes. A grievance procedure upon a mutually agreed basis is included in the Code of Discipline to make for speedy settlement of grievances.

The managements agree not to increase work loads without prior settlement. They agree to act promptly for settlement of grievances and implementation of settlements, awards, decisions and orders. The managements agree to take disciplinary action against workers. On their part, the unions agree not to employ violent demonstration and avoid physical duress, to reject unfair labour practices and to abide promptly by agreements and awards.

A copy of the Code in local languages is to be conspicuously displayed by the managements and the unions at prominent places.

### 62. Code of Efficiency and Welfare of the Workers

In the Draft Outline of Third Five Year Plan it is stated, "The objective of a rising level of productivity has to be kept in the forefront. It is proposed to work out a Code of Efficiency and Welfare of the workers. The Code will help in cultivating the right kind of attitudes on the part of the management and workers, and will define in concrete terms the responsibilities of both for achieving these ends. Great gains can be achieved in improving quality and cutting down costs by better utilisation of equipment and nationalisation of work loads, work methods and functions of management".[1]

1. Third Five Year Plan—*A Draft Outline*, page 90.

To ensure observance of the commitments arising from the Codes and from laws and agreements, a machinery for their implementation and evaluation has been set up at the Centre and in the States.

### 63. Bonus

Bonus is no longer an *ex gratia* payment depending on the generosity or goodwill of the employer. It has become a legal claim. Bonus is a payment in addition to wages in the nature of profit sharing. It seeks to give the working man a sense of satisfaction by giving him a share in the prosperity of the concern in which he is engaged and also an incentive for a continuous wholehearted effort. Bonus is also considered a deferred wage to make up for the deficiency between the need-based wage and the current wage.

The Mcleod Committee (1924) was the first official attempt to analyse the concept of bonus. Having examined the nature and basis of the 'bonus' paid to mill workers for five years since 1919, the Bonus Disputes Committee concluded that the mill workers had not established any enforceable legal claim to the payment of bonus.

Four different theories were mooted about bonus in the adjudications of disputes between employers and workmen under defence of India Rules, enforced during the Second World War (1939-45). These were :—

(*i*) that bonus was a gratuitous payment,

(*ii*) that bonus was a payment to workmen out of war time surplus profits.

(*iii*) that bonus was profit-sharing to which the workmen were entitled, and

(*iv*) that bonus partook the nature of the extra remuneration from the profits to which workmen had contributed.

Later developments in the concept of bonus were based on the valuation of the surplus after deducting expenses.

*The Bonus Formula.* The Supreme Court considered the Bonus Formula in its various aspects in the case of the Associated Cement Companies Ltd. Vs its workmen[1]. The formula was succinctly summarised by the Supreme Court in Indian Humme Pipe Co., Ltd. Vs their workmen.[2]

The first charges on gross profits before bonus would be considered were :—

(*i*) provision for depreciation ;
(*ii*) reserves for rehabilitation ;
(*iii*) a return at 6 per cent on the paid up capital ;
(*iv*) a return on the working capital at a lesser rate than the return on the paid up capital ; and
(*v*) an estimated amount in respect of the payment of the income-tax.

The three participants in the surplus for distribution were the shareholders, the industry and the workmen. Either of the following two conditions were to be satisfied before the demand for bonus becomes an industrial claim. These are, (1) when wages fall short of the living standard and (2) the industry makes huge profits part of which are due to the contribution which the workmen make in increasing production.

Bonus becomes a cause of industrial dispute. The Government of India has appointed a Bonus Commission[3] under the chairmanship of Justice M. R. Meher, to study the problems connected with bonus claims and to evolve guiding principles

1. Bonus—Indian Law and Practice—G. B. Pai, page 30.
2. " " " " " pages 34, 35.
3. Representatives of the Millowners and merchants Association told the Bonus Commission in Bombay (on 27th December, 1962) that bonus as a long-term objective should be abolished, that its maximum limit should be fixed at 25 per cent of the annual wages, and that a six per cent return on investment allowed under the bonus formula was inadequate. They were not in favour of pooling the bonus, but suggested that it should be unit-wise.

and onus for the payment of bonus. Although bonus may be based on profits a sound bonus formula must be related to production. This would make the employees production conscious which would help to reduce the cost of production. Agreements could be concluded with the employees' unions relating to the payment of bonus to the production turned out.

## 64. Labour Welfare

Wider interests of industrial peace and productive efficiency demand that amelioration of the conditions of workers on the intellectual, physical, moral and economic sides over and above what is laid down by law or what is normally expected as part of the contractual benefits for which the workers have bargained should not be lost sight of. What goes by the name of labour welfare includes housing, medical and educational facilities, nutrition including provision of canteens, facilities for rest and recreation, cooperative societies, day nurseries and creches, provision of sanitary accommodation, holidays with pay, social insurance measures undertaken voluntarily by employers either singly or jointly with workers including sickness and maternity benefit schemes, provident funds, gratuities and pensions.

The different agencies through which labour welfare work has been carried on are the administrative (Government of India, Provincial Governments, municipalities, port trusts, public utility concerns owned by the Government) social agencies like the Servants of Indian Society, the Social Service Leagues, the Seva Sadan Societies, the Y. M. C. A. and the Y. W. C. A., etc., the employers and the trade unions.

The Coal Mines Labour Welfare Fund instituted in 1944 by the Government was the direct attempt made by the State to promote labour welfare. Out of this fund considerable sums of money have been sanctioned on extensive anti-malaria work, provision of entertainments and construction of up-to-

date hospitals in Jharia and Raniganj. On a similar basis the Mica Mines Labour Welfare Fund Act was passed in 1946. The Central Government has also started taking interest in the establishment of canteens in factories. During the last World War the provincial governments also embarked on a policy of labour welfare. They organised model welfare centres under classes 'A', 'B', 'C', and D.

The vast majority of employers still regard welfare work as a barren liability rather than a prudent investment. But important industrial establishments have not been slow in appreciating the necessity of providing welfare amenities, in the form of a well-equipped hospital, a qualified medical staff, a network of primary and secondary schools, gymnasiums, clubs, with facilities for indoor and outdoor games, canteens, creches, cooperative stores, etc.

The trade unions are not merely militant organisations. They can supplement the welfare facilities provided by outside agencies and thus making better life and enlightened citizenship as part of their aims. Lack of funds and will to act in this direction have been responsible for lack of welfare efforts on the part of labour organisations. The Ahmedabad Textile Labour Association, the Railwaymen's Unions, the Mazdoor Sabha of Kanpur have, however, done much useful work by way of welfare activities. In the U. P., the Indian Federation of Labour has been carrying on various kinds of welfare activities in its numerous welfare centres.

Provision of welfare amenities is provided through legislation like the Factories Act of 1948, the Mines Act of 1952, the Plantations Labour Act 1951, the Motor Transport Workers Act 1961, etc. etc.

The scope for extension of labour welfare work is limitless. The stage is now reached when the absence of welfare facilities would be felt by labour. Consciousness in this respect should lead to cooperative effort on the part of workers' organisations

so that they can lead a fuller life as a result of various amenities available through outside agencies and also those provided by themselves, as the road to comprehensive social security in India is yet too long.

An amenity-fed labour may be contented and cooperative in increasing productivity, and, therefore, an asset for the "take off" while an amenity-starved labour may be discontented and non-cooperative and therefore a hindrance to the increase in productivity. Besides, any unfavourable effect of egalitarian measures on the saving propensities must to a large extent be counter-balanced by the role of the State as the saver and the investor.

'The Final Report of the Industrial Conditions Enquiry Committee together with suggestions for a Labour Code Bombay State'[1] referred to the anxious search by employers of methods to nullify the social objectives of legislation and other welfare provisions to help the workers by a meticuluos study and grudging implementation of the minimum requirements of the statutory provisions. The Report says, "We had referred to the necessity for a reorientation of social relationships and a correct approach to human values. Reorientation, however, cannot be effected overnight. Neither has it been given much of a chance during the past many years. A stage has been reached where we can no longer afford to wait patiently for such re-orientation of outlook on the part of employers and compulsion over a much wider sphere is necessary to enforce reasonable standards of welfare and amenities in practice in every unit of industry".[2]

## 65. Housing

Housing and health are inter-connected and they both react on industrial efficiency. Over-crowded tenements cramp the

1. The Report was published by the Bombay Government in 1953.
2. Report page 5.

physical and mental development of workers and their families. No attempt at improving the standard of living of the workers can succeed unless the housing problem is solved. In the urban and industrial areas, narrow sites, the high value of land and the necessity of the worker to live near the place of work have tended to create and intensify overcrowding. Many houses are without plinths, windows and ventilation are absent, they are constructed close together, back to back, eve touching eve; narrow and winding lanes providing the approach to houses. Sanitation in housing areas is very bad. Latrines and bathing places are few and far between.

The majority of dwellings in industrial area consist of one habitable room. In some centres one-room dwellings form more than 90% of the dwellings in which the average number of occupants is high varying from 2·8 to 5·9 persons. To the conditions of such overcrowding in one-room tenements are added the absence of subsidiary rooms, verandahs, or even separate cooking, bathing and latrine arrangements. Housing conditions in plantations and mining industry are equally bad.

Added to the scarcity of housing accommodation for industrial workers is the problem of high rents. According to the Bombay Labour Office Inquiry of 1938, which covered Bombay, Ahmedabad and Sholapur, the percentage of rent to income in the city of Bombay varied from 8·91 in the income group of Rs. 95 and below Rs. 100 to 42·67 in the lowest income-group Rs. 10 and below Rs. 15. It was noticed that as the income increased the percentage of rent diminished. The average percentage for the families covered by the inquiry was 17·07, and percentage of rent paid to income in the case of 55 per cent of the families lying between 18·30 and 23·51. The percentage of rent to income in Ahmedabad was 14·09 for all income classes, the percentage varying from 5·97 in the income group of Rs. 95 and below Rs. 100 to 39·7 in the income group Rs. 10

and below Rs. 15. If anything, rent as a factor in the cost of living, has gone up due to shortage of housing accommodation in villages, towns and cities.

If the health morals and standard of living of the workers are to be improved the existing state of affairs wherein responsibility for providing houses is statutorily shouldered by none must not be allowed to continue. All interests—Government, employers and municipalities—must show the responsibility for launching a forward housing policy.

An Industrial Housing Act should be passed by the Government under which All-India Industrial Housing Board and Provincial or Regional Boards, should be created. The Capital outlay on workers' houses should be raised by Government and advanced to the All India Housing Board. The recurrent expenditure—interest, depreciation, maintenance, repairs, etc.,—may be distributed between employers and workers, the latter paying it in the form of reasonable monthly rent. The dispersal of industries in rural and semi-urban areas would avoid the dreadful congestion in industrial towns. The Government should not allow any factory to be put up anywhere without a previous satisfactory housing arrangement for workers.

The Tripartite Labour Organisation set up an Industrial Housing Committee which prepared a scheme providing for every worker's family accommodation of at least a minimum of two rooms with an area of 240 sq. ft. along with proper ventilation and kitchen and other facilities. The Ministry of Labour has in hand a scheme for construction of 50,000 houses for miners in the coal fields. A large-scale workers' housing scheme is under contemplation which will provide a million modern houses for workers during the next ten years.

Good housing must occupy the pride of place in any concrete programme of industrial welfare. There are three directions in which action is imperative. The *first* is the acquisition of land for industrial housing in the proximity of big

industrial areas. The Land Acquisition and Development Scheme was introduced in October, 1959. Under this scheme State Governments are assisted to arrange bulk acquisition and development of land in large and growing towns and develop plots for construction of houses and make the same available to the public at reasonable prices. *Second*, planned production of building materials is essential. *Lastly*, there should be the requisite administrative machinery to deal with and execute schemes of industrial housing.

### 66. Housing Under the Plans

89 Lakh houses are needed to be constructed during the decade 1951-61 to meet the past shortage and obsolescence and also to cope with increase in urban population. The estimate for the housing needs in rural areas for the decade 1951-61 was 5 crores.

Realising the magnitude and the vital nature of the problem, the Government of India in May 1952 created a separate portfolio and a Ministry of Works, Housing and Supply. The State Governments have also created separate wings for promoting housing activities.

In the First Five Year Plan a national housing programme came into shape. The subsidised Industrial Housing Scheme, and the Low Income Group Housing Scheme for constructing 1,20,000 dwelling units at an expenditure of Rs. 38·5 crores were initiated. Housing programmes for displaced persons, Government servants etc., were launched by the Central and State Governments and local authorities.

In the Second Five Year Plan the housing schemes introduced were: the Plantation Labour Housing Scheme, the Slum Clearance Scheme, the Village Housing Projects Scheme, the Middle Income Group Housing Scheme, the Rental Housing scheme for State Government Employees and the Land Acquisition and Development Scheme. Funds to the extent of

Rs. 84 crores were provided by Government funds during the Second Five Year Plan for public housing schemes. For the Middle Income Group Housing and Rental Housing Schemes, the Life Insurance Corporation finance was Rs. 17·2 crores. A sum of Rs. 250 crores was laid down in the Second Five Year Plan for the construction of 5,00,000 houses.

A provision of Rs. 142 crores from Government sources has been made in the Third Five Year Plan for town planning and urban development programmes. The Life Insurance Corporation expected to contribute Rs. 60 crores for housing programmes. The establishment of a Central Housing Board with statutory powers to raise funds from private sources for housing programme has also been thought of.

The National Building Organisation was established in 1954. This Organisation has taken up research in reduction in building cost, improved utilisation of local building materials and in the development of designs and construction techniques for village houses. In short the National Building Organisation will apply a rational approach to the problem of housing. "There is a need to change housing specifications in order to bring the cost within the realm of economic possibilities. The current practice is to design housing to last for 50 to 60 years. We may think in terms of houses which would last about half that period or even less. The economies of such short duration housing requires to be worked out by housing experts. We may have to weigh the economies arising out of lower specifications with heavier contributions for amortization. Even so the balance of advantage may be in policy of short duration construction."[1]

## 67. Cooperative Housing Societies

Cooperative Housing movement is another approach to the

1. B. N. Datar—Some Aspects of Employment and Social Policy, page 5, in Report of Group III of the Panel of Economists.

housing needs in the country. Cooperative Housing Societies may be of two types: (1) Tenants' Cooperative Societies which build or purchase houses for sale or lease to members and (2) building societies, which help in the acquisition of houses by granting loans on mortgaged security. But in our country the contribution so far made by the cooperative housing schemes to meet the housing situation has been insignificant.

The solution of the housing problem will provide the basic amenity of civic life and also contribute to economic development by meeting a felt need and also by providing employment.

### 68. Workers' Education

The Royal Commission on Labour in India emphasised in 1930 that the education of industrial labour should receive special attention—as in India "mostly the whole mass of industrial labour is illiterate, a state of affairs which is unknown in any other country of industrial importance. It is almost impossible to overestimate the consequences of this disability, which are obvious in wages, in health, in productivity, in organisation and several other directions. Modern machine industry depends in a peculiar degree on education, and the attempt to build it up with an illiterate body of workers must be difficult and perilous."

Article 41 of the Constitution of India lays down, the State has "within the limits of its economic capacity", assumed obligation for making effective provisions for securing the right to education. In pursuance of this obligation the Government of India took the initiative to allocate funds for worker's education in the Second Five Year Plan.

Worker's education "in contrast to other types of adult education seeks to help the worker to solve his problems not as an individual for his personal evolution; as an operative—for his efficiency and advancement; as a citizen—for a happy

and integrated life in the community ; as a member of a trade union—for the protection of his interests as a member of the working class[1].

In other words workers' education is meant to increase the usefulness of the worker in the work-shop, in the works committee, in the trade union. Workers' education is not merely a matter of examination, it is also voluntary ; hence the keenness to learn has to be continually stimulated and ensured. Workers' education programme has to be practical rather than theoretical as the worker in India being largely an illiterate adult, he will not be responsive to a study approach to the education that is required by him.

Educational work among workers in India has been done in India under labour welfare programme. The State Governments have organised short-term course for Trade Unionists. Some employers have organised special education programmes for their workers.

The Hindustan Mazdoor Sevak Sangh in collaboration with INTUC started a Workers' Training College at Indore on 3rd November, 1958. The main object of this college is "to mobilise and train enthusiastic and deserving young men for national service through the labour movement on Gandhian lines." The trainees are drawn from workers in the trade union movement and graduates who want to get training for work in the field of labour.

The Indian Adult Education founded in 1939 has been confining its work to adult education among workers.

In the Second Five Year Plan, 1956-61, the Government of India has earmarked Rs. 50 lakhs for workers' education. This allotment is to be used for training workers in "trade union philosophy and methods." To carry on the programme of worker's education, the Government of India, on the recom-

1. Recent Developments in Certain Aspects of Indian Economy—IV. (L. L. O.) 1959, page 51.

mendation of the international team of experts, has accepted a Central Board comprising of representatives from trade unions, employers, Government and educational institutions.

The main functions of this semi-autonomous body are : (*a*) to lay down policy ; (*b*) to administer programmes of workers' education ; (*c*) to establish standards for teachers and programmes; (*d*) to encourage the establishment of active educational departments within the national unions and federations.

The programme of worker's education includes the scheme of training of the teachers, administrators and the worker-teachers. These courses help to raise the self-confidence of the workers, increase their ability to take advantage of protective labour laws, reduce their dependence on outsiders and inculcate in them an urge for material and economic welfare.

### 69. Agricultural Labour

The expression labour movement is generally used to cover industrial labour as on account of abject economic condition of agricultural labourers, virtually amounting to slavery, and the diffused nature of agricultural profession itself, no movement of agricultural labourers was possible. Agricultural labourers would cover the following classes :—

(*a*) Cultivating owners who go out to work for wages on the lands of others, when they have no work on their own small holdings ;

(*b*) tenant cultivators who go out for work when they are free ;

(*c*) permanent farm-servants paid monthly or yearly wages in kind or in cash ; and

(*d*) other landless labourers, who are engaged by the day or time or piece rate.

The problem of agricultural labour is primarily that of backward nature of conditions of living and work of agricultural labour, and overpressure of population on land. The

loss of common rights in the rural economy, the discontinuance of collective enterprise, the sub-division of holdings, the multiplication of rent receivers and the decay of handicraft increased the supply of agricultural labourers. Labourers, particularly landless labourers, belong to communities low in social hierarchy and hence to the so, called backward communities who suffer from social disabilities and are hence liable to exploitation on this ground in addition.

### 70. Agricultural Labour Enquiry

According to the data obtained by the first Agricultural Labour Enquiry Committee (1950-51) the number of agricultural familes was estimated at 17·6 million and the number of agricultural labourers at about 35 million, of which 19 million were adult males, 14 million adult females and 2 million children. The quantum of hired labourers in agricultural operations for 50 per cent or more of the total number of days worked during the previous year was taken as the definition for the classification of agricultural labour.

The Second Agricultural Labour Enquiry (1956-57) defined agricultural labour as persons engaged in crop production together with hired employment in other agricultural occupations like dairy farming, horticulture, raising of livestock, bees, poultry covered by the Minimum Wages Act, 1948. The criterion adopted for demarcation of agricultural labour families this time was income and not employment—and an agricultural labour household family was one for which the major source of income during the previous year was agricultural wages.

Agricultural labour shares with intensity the general problems of the small farmer like low income, marginal subsistence level, indebtedness. In fact the problem of agricultural labourers is part of the wider problem of unemployment and under-employment in rural areas.

rates since 1931. As regards plantations in Assam, the average cash earnings of workers were lower than those which prevailed during 1929-30.

*Wages and Earnings in Bengal in 1939*

| *Occupation* | | *Basic wage (average in Rs.)* |
|---|---|---|
| | | 1·72 |
| Blacksmith | ... | 1·41 |
| Crane Driver | ... | 2·34 |
| Carpenter | ... | 1·56 |
| Fitter | ... | 1·33 |
| Mason | ... | 1·67 |
| Moulder | ... | 2·55 |
| Rivetter | ... | 2·21 |
| Slotter | ... | 2·23 |
| Turner | ... | 1·56 |
| Welder | ... | |

In the jute industry the average net earnings in Bengal worked out as follows :—

*Percentage of workers to total*

| Between 8 as. to 12 as. | 12 as. to 1 rupee. | |
|---|---|---|
| 6 | 38 | |
| Rs. 1 to 1/4 | Rs. 1/4 to 1/8 | Rs. 1/8 and above. |
| 24 | 19 | 12 |

Wages in mining industry are extremley inadequate. In most of the coal-fields, the miners' daily earnings do not exceed Re. 1 while most of the surface workers get wages varying from 8 to 10 as. per day. In the plantations industry wages have been notoriously low ; the average monthly cash earnings for men in South Indian plantations has ranged from Rs. 9 to Rs. 13.

Average wages in different occupations are indicated by the undermentioned figures :—

| | *Average monthly earnings in rupees per worker* | | *Percentage increase over* |
|---|---|---|---|
| | 1939 | 1944 | 1939 |
| Textiles | 24·4 | 52·8 | 115·1 |
| Engineering | 21·9 | 49·1 | 86·5 |
| Minerals and metals | 38·1 | 46·9 | 23·8 |
| Chemicals and Dyes | 20·4 | 40·3 | 97·1 |
| Paper and Printing | 27·7 | 39·5 | 42·6 |
| Wood, stone and glass | 16·1 | 30·7 | 87·7 |
| Skins and hides | 23·7 | 44·3 | 83·1 |
| Ordnance factories | 30·1 | 45·5 | 51·0 |
| Mints | 33·1 | 57·9 | 89·2 |
| Miscellaneous | 23·4 | 42·8 | 81·4 |

Regarding the effect of the war on real wages it may be observed that unlike certain countries, *e.g.*, the United Kingdom and the United States, wage increases in India had taken the form of the payment of a cash dearness allowance and provision of foodstuffs to the workers at pre-war or 1942 rates. According to the findings of the Labour Investigation Committee taking a bird's-eye view of the real wage position in the country as a whole, it appears that the lowest paid unskilled workers have not suffered very much owing to the rise in the cost of living. In jute, plantations and mining (excepting one or two sections) the real wage of the worker has definitely declined. In the case of relatively better paid workers, such as semi-skilled and skilled workers, the earnings have generally lagged behind prices, except in certain cases where wage rates have also increased. The earnings of the workers' families may have increased during the war owing to fuller employment. But irrespective of war-time conditions, the basic wage-levels are extremely low. The result is that the analysis of indebtedness

of the industrial workers unfolds a grim story of their economic degradation and the root cause of the evil is the absence of any margin left for meeting expenditure of an unforeseen character over and above the barest necessities of life. In accordance with Engel's Law of family expenditure, expenditure on food-stuffs constitutes more than half the total expenditure in the working class family budgets.

The cost of a well-balanced diet which provides calories, protein, vitamins and other food constituents in the pre-war days was between Rs. 4 and Rs. 6 per adult per month or Rs. 24 a family consisting of four persons. The actual pre-war wage levels were hardly enough to provide a well-balanced diet, let apart other necessities of life, although a substantial proportion of wages was spent on foodstuffs.

### 73. Earnings of Factory Labour (Annual Average)

The annual average earnings of factory workers in rupees in India in a few industries were as follows :—

| | 1939 | 1949 |
|---|---|---|
| Cotton | 320·2 | 1,192·9 |
| Jute | 230·8 | 794·9 |
| Engineering | 263·5 | 938·1 |
| Minerals and metals | 457·2 | 1,012·3 |
| All Industries | 287·5 | 985·9 |

| | 1950 | 1954 |
|---|---|---|
| Textiles | 971·4 | 1,089·6 |
| Basic metal Industries | 1,175·6 | 1,612·6 |
| Metal Products | 798·7 | 1,024·9 |
| Miscellaneous Industries | 1,014·8 | 1,162·0 |
| All Industries | 966·8 | 1,111·3 |

The rise in real wages, after making allowance for the rise in consumer price index has been as under :—

| | ( 1947=100 ) | | |
|---|---|---|---|
| | 1957 | 1958 | 1959 |
| General Index of earnings | 170 | 167 | 173 |
| All-India working class consumer price index | 128 | 133 | 139 |
| Index of real earnings | 134 | 126 | 124 |

Index number of money earnings of persons employed in factories, earning less than Rs. 200 per month by industries (average of earnings in 20 industries) during 1952-62 (base 1951=100) was 107·1 in 1952 and 131·4 in 1960.[1]

The details of index number of earnings in different industries are as follows :—

| Industry | 1952 | 1960 |
|---|---|---|
| Textile | 107·1 | 133·6 |
| Paper and Paper products | 106·0 | 135·9 |
| Leather and Leather goods | 90·9 | 141·3 |
| Products of Petroleum and coal | 102·3 | 178·8 |
| Basic Metal Industries | 113·6 | 124·2 |
| Machinery | 98·9 | 119·6 |
| Recreation services | 95·1 | 108·7 |
| Personal services | 92·2 | 104·7 |

About the depressing effect of low wages on the health of the workers there can be no question and it should not be a matter for surprise that large numbers of people suffer from ill health arising from malaria, hookworm and other diseases, which undermine their vitality as proved by high death rate. Ill-fed, ill-clad and ill-housed, Indian workers lead a dull and dreary existence. For lack of proper nourishment, their vita-

1. Indian Labour Statistics 1962, page 50.

lity is impaired and they become easily susceptible to diseases. Having no reserve power, their sufferings are intensified during periods of trade depression. All these factors have a deleterious effect on the rising generation of labouring class.

The wage structure and policy continue to be unscientific. Standardization of occupational nomenclature or of wages in the different industries, or even in units in the same centre of an industry has not been attended to generally. Attention has also not been paid to the determining of the differences in wage rates as between various occupations in an industry. Such an unscientific approach to wage fixation is neither in the interests of the industry nor that of labour.

### 74. Share of Labour

The percentage share of worker's earnings in net value of factory output based on 29 major industries was as under :—

| | 1948 | 1953 |
|---|---|---|
| All India | 42·53 | 50·64 |
| Sugar | 26·91 | 28.73 |
| Paper and paper products | 39·11 | 30·26 |
| Jute Textiles | 55·86 | 29·47 |
| Iron and Steel | 39·72 | 35·64 |
| General and Electrical Engineering | 50·07 | 53·05 |
| Cement | 27·38 | 23·31 |
| Cotton textiles | 46·22 | 62·42 |

In an article contributed by Shri B. N. Datar to the Economic Weekly, July 1961 about Wage Movements since Independence, the following conclusions are summed up :—

1. The share of the organised industrial labour has remained more or less constant in spite of expanding wage-paid employment and greater share of factory establishments in total output.

2. While average real earnings have gone up to some extent, they have not outstripped productivity.
3. Wages have not been a significant factor in price increases as is often made.

### 75. Efficiency of Indian Labour

The low wages of Indian labour are sought to be justified on the ground of their alleged inefficiency. It is true that wages have an intimate bearing on the working capacity as they influence both the power and the will to work. But in India low efficiency of workers wherever it is found is to be traced among other causes to the poor wages. Moreover, in the opinion of the Rege Committee the alleged inefficiency of the Indian worker is largely a myth. In their opinion given more or less identical conditions of work, wages, efficiency of management and the mechanical equipment of the factory, the efficiency of Indian labour generally is no less than that of workers in most other countries. Not only this, but whether mechanical equipment or efficiency of management are not factors of any importance, the skill of the Indian labourer has been demonstrated to be even superior in some cases to that of his prototypes in foreign countries. According to the Managing Director of Wimco, which controls about 80 per cent of the match production in India : "A great advantage enjoyed by factory managers in India is the abundance of cheap labour which can be trained by expert supervisors to operate the various intricate machines efficiently and keep them functioning smoothly. In well-organised plants, the employee-production ratio is satisfactory even in comparison with European industrial standards."

In a speech delivered on Industrial Progress in India during the Plan Period[1] Shri H. V. R. Iyengar, Governor, Reserve

1. *Reserve Bank of India Bulletin*—December, 1959.

Bank of India is reported to have made the following significant observations on the comparative efficiency between Indian and Western labour.

"The point is often made that Indian Labour, though poorly paid in comparison with the Western countries, is actually quite expensive because its productivity is low. Investigations show that the examples taken are not appropriate. Either they are of industries established many years ago when, on account of cheapness of labour, the numbers did not seriously matter or of industries using less modern or automatic machinery than in Western countries. It is perhaps true that the jute industry in Calcutta could be run with half its present force and that our older steel works are overstaffed on modern standards. But to get a fair view, we must examine the experience of the more recently established units. In the Hindustan Machine Tools, the running statement of monthly labour efficiency shows that whereas in September 1955, 4·20 Indian turned out as much work as one Swiss, the figure had gone down in August 1959 to 1·57. Considering that more than 60 per cent of the workers were recruited only in the last 2 or 3 years when the factory decided to put on shifts and that most of them still under training, the performance is by no means unsatisfactory, and within a relatively short period the Indian will equal the European in efficiency in a high precision job to which he had been more previously accustomed. In the Integral Coach Factory at Chembur, the first batch of coaches was produced in 1955 and the factory took 19,648 man hours per coach against the figure in Switzerland of 6500 man hours. To-day the Perambur figure has been reduced to 8,519 and it is expected that it will soon come down to 6,750.

The Ex-works cost in Perambur is today Rs. 81,000. The ex-works cost of an integral coach in Switzerland, when we imported it was Rs. 1,03,000."

### 76. Productivity

The test of efficiency of Labour is its productivity.[1] The need for focussing attention on the problem of productivity is well pointed out in the Third Five Year Plan (page 261). The many-sidedness of the problem is also drawn attention to in the following words :—

"Industry is being called upon to meet, as rapidly as possible, the claims on behalf of the workers for a living wage, better living and working conditions, the needed volume of employment opportunities and a fuller measure of social security. It must yield a reasonable return on capital and provide for capital formation on an adequate scale. Neither the exercise of their organised strength in industrial conflict, nor laws and the intervention of the state can help the workers in realising their aspirations. Their gains can arise only out of the strength and dynamism of the economy, the only enduring basis of which is a rising level of productivity. No increase in profits which does not come out of improvements in productivity but has its origin in current scarcity and the stresses of development, can be regarded as a sign of prosperity. Productivity has many facets and it suffers because of the one-sided and rigid approach which is frequently adopted in dealing with it both by the employers and the workers. Rationalization of effort in every direction is the true basis of productivity. The term has wrongly been associated with increase in workloads and added strain on workers in order to swell the volume of private gains. Large gains in productivity and an appreciable reduction in unit costs can be secured in many cases without causing any detriment to the health of the workers and without incurring large outlays. Greater responsibility in this respect

1. Production is simply volume of output and does not necessarily mean increase of productivity. But higher productivity leads to higher production. The increase in productivity will raise rea income, real purchasing power and hence standard of living.

rests on the management which should provide the most efficient equipment, correct conditions and methods of work, adequate training and suitable psychological and material incentives for the workers".

The I. L. O. Productivity Team summed up the causes of low productivity as follows :—

(*i*) a penny wise, pound foolish policy ; (*ii*) A lack of scientific knowledge of the industry ; (*iii*) A lack of consideration for the workers and other employees ; (*iv*) A lack of pride in products or in other words, indifference to quality of products ; (*v*) A grass-hopper sales policy ; (*vi*) an out of date autocratic policy in dealing with staff and workers.

*National Productivity Council.* Realising the importance of a national drive for productivity, the National Productivity Council was established on 12th February, 1958. Representatives of employers, workers and the government and two members of the Parliament representing consumers constitute the N. P. C. Technicians are co-opted on it. A model constitution has been prepared for facilitating the establishment of local productivity councils. The N. P. C. aims at generating productivity consciousness to incorporate the techniques and processes which can lead to increase of productivity and also creating suitable climate of trust and cooperation between management and labour for launching the productivity drive.

*Productivity in state undertakings and public services.* The quest for increased productivity has to be extended to nationalised undertakings and public services as a part of India's programme and policy. In France this problem was studied by the Central Committee of Inquiry into the cost and output of the Public Services established in 1946 and attached to the President of the Council. The duties of this Committee are to investigate and make proposals regarding economies in the working of Ministries, public administration and enterprises or institutions subsidised or guaranteed by the state in which

state holdings exceed 20 per cent of the registered capital. The Committee makes its Reports to the President of the council, the Ministers concerned and the Minister of Finance.

By measuring output it is possible to use the element of competition characteristic of private enterprise essential for its efficient working to state management as well. As the Public Sector in India is expanding under our Plans, without the test of competitive efficiency and productivity, the public sector would not be a source of revenue and as a growingly significant means of financing of our Plans.

### 77. Rationalization in Industries

After the First World War, rationalization of industry was thought of as a method of cutting down the costs of production so as to increase the competitive ability of the industry in the world market. Rationalization, therefore, is an inseparable part of productivity.[1] It may be defined thus :—

"Rationalization in general is any reform tending to replace habitual antiquated practices by means of methods based on systematic reasoning ;

Rationalization in the narrowest sense is any reform of an undertaking, administrative or other service, public or private, tending to replace habitual, antiquated practices by means and methods based on systematic reasoning ;

Rationalization in a wider sense is a reform which takes a group of business undertakings as a unit and tends to reduce the waste and loss due to unbridled competition by connected action based on systematic reasoning ;

1. Increase in productivity does not necessarily involve installation of new machinery or greater exertion on the part of labour. Steps like better lay out of plans, improvement in working conditions and training of workers could ensure increase in output without correspondingly increasing the strain on workers, and in some cases lead to increased output with reduced strain." *Second Five Year Plan*, page 579.

Rationalization in the widest sense is a reform tending to apply means and methods based on systematic reasoning to the collective activities of large economic social groups."[1]

In spite of the urgent need to reduce costs by rationalization in industry, the working class has opposed it because rationalization causes displacement of labour. But to continue with the existing techniques of production for fear of unemployment effects of rationalization is not in the interest of a country committed to develop her economy. "Rationalization should, therefore, be attempted when it does not lead to unemployment, is introduced in consultation with workers, and is effected after improving working conditions and guaranteeing a substantial share of gains to workers".

"While the principle of rationalization is accepted, difficulties in reaching agreements over details arise at the unit level regarding, *inter alia*, (*a*) apportionment of work load (*b*) extent to which wages are to be increased in the event of increased work load (c) extent of machinery which is obsolete and requires to be replaced, (*d*) enforcement of stricter standards of control over the installation of new machines, and (*e*) retraining of retrenched workers and finding alternative jobs for them. These difficulties can be best settled by the parties after technical examination by independent experts. There will, however, remain some special problems attendant on schemes of rationalization which may have repercussions over more than one state. For dealing with them it is necessary to have a high power authority appointed by the Central Government".[2]

Safeguards for the smooth adoption of Rationalization are detailed in the First Five Year Plan (page 590). Among these we may specifically mention

1. *International Labour Review*, August 1937, page 253.
2. *Second Five Year Plan*, page 581.

Wherever rationalization is contemplated, fresh recruitment should be stopped and vacancies due to death and retirement should not be refilled;

Gratuities should be offered as inducement to workers to retire voluntarily;

Retrenchment should be effected from amongst persons who have been freshly employed;

The maintenance of workers during the training period should be the responsibility of the management, whereas the cost of training should be borne by the Government;

Incentives for sharing gains of rationalization through higher wages and a better standard of living should be provided. Where such gains are made through the additional efforts of workers, they should receive a share in the resulting benefit, most of which should pass to workers where wages are below the living wage. Where there has been some capital investment by the management, this should be taken into account in distributing the worker's share. The object is to facilitate the workers attaining a living wage through acceptance of rationalization.

The Cotton Textile Industry Central Wage Board Report (page 17) states, "The industry, however, is conscious of the need for rationalization and modernization as the *sine quo non* of survival, the pace of which had been checked in the past by the fear of unemployment; that fear has been allayed, and labour now recognises that its own welfare depends on rationalization and modernization, and it has agreed upon the broad lines for their introduction. Some mills even to-day have very modern and up-to-date machinery, and all mills which can manage to do so will have to rationalize and modernise; for the nation is on the march, and this industry must clothe the nation."

The Board further recommended that in order to avoid disputes, and indeed to put an end to disputes, there should

be some machinery to settle questions of rationalization unit by unit. There are cases where rationalization has been arbitrarily opposed, and there are also cases where rationalization has been unreasonably obstructed. The Board endorsed the recommendations of the Joshi Committee Report (1958) (Paragraph 79) on Indian Cotton Textile Industry for setting up of National and Regional Committees to deal with essential matter concerning rationalization, as also their implementation within the industry.

### 78. The Future for Labour

The Indian Government has sworn solemnly by labour and the masses. It is unthinkable that labour interests can now be shelved, much less ignored. Labour can no longer be treated as a commodity by employers. The labourer, therefore, has to be satisfied and his working capacity improved, not merely to increase the profits of the industrialists but as a measure to step up national dividend which would benefit the community generally and the workers and industrialists in particular. The new concept of labour in industry of tomorrow is that of co-partnership. At the Industries Conference held in December, 1947, the Central Government set up a tripartite organization to fix the basis on which capital should share profits with labour. Under the Conference's resolution, labour should get fair wages and capital a fair return. (The concepts of fair wages and fair return to capital are bound to be very much different). A resolution of the Indian National Trade Union Congress demanded that the return on invested capital should be kept down to 3 per cent and the national basic minimum wage should be 100 per mensem. Reasonable reserves would be set aside for maintenance and expansion. Taxation would check excessive profits. Labour and capital would then share 'the product of their common efforts'. Labour's share of profits will normally vary with production. The Expert

Committee on Profit-sharing consider 6 per cent on paid-up capital plus all reserves held for the purpose of business as a fair return on capital. Labour's share recommended is 50 per cent of the surplus profits of the undertakings. The individual worker's share of profit is to be in proportion to his total earnings during the preceding 12 months, minus dearness allowance and any other bonuses received by him. The setting up of central, provincial, regional and unit production committees and works committees has inaugurated a new relationship between capital and labour in India as on these committees the representation of workers is on a par with those of employers.

Labour is bound to receive increasing legislative attention as the five-year Programme of labour reforms of the Government of India adumbrates. The goal of labour policy is to bring about a substantial and marked improvement in the health, efficiency, working conditions and the standards of living of workers, both in organised and unorganised industries. The five-year programme of labour reforms accordingly includes the promotion of fair wage agreements, organisation of industrial training, improvement of contract labour, promotion of industrial peace and measures for social security, housing and welfare work. The States have their own labour programmes and on account of the pace set by the Central Legislature a uniform labour policy of the country is evolving.

Waste of labour resulting from unemployment, underemployment, mis-employment would be considerably reduced by the employment services started in 1945 for the resettlement of ex-servicemen. Even though the 'employment service' was created under the stress of war, the objectives are long-term and as such the employment machinery created has come to stay. Full employment would be promoted by the host of employment exchanges (Central, Regional, District) and technical and vocational training centres by placing ex-servicemen

and war workers and ultimately all workers in employment, by increasing the mobility of labour, territorial and occupational, by substituting a free, impartial and scientific system of recruitment of labour for the evil system of recruitment through jobbers, etc. by providing the necessary machinery for the subsequent adoption of social security measures by the State, by fitting unemployed for new jobs and meeting the demand for skilled personnel by suitable training.

In the changing pattern of country's economy, labour would occupy an enhanced status. As Indian labour begins to compare its lot with workers in other countries it would become impatient of its own position. But there is risk of impatience on the part of workers to satisfy their ambitions (even modest) being exploited by interested parties for ideological ends. The prevailing industrial discontent in the country is to a large extent the conflict of ideologies. National Trade Unionists, Radicals, Socialists and Communists have been competing with each other for mastery in the field of labour. The country must steer clear of ideologies while marching on its goal of bettering the lot of workers in manifold ways.

Can labour movement in India form the basis of a labour party in the Indian Dominion ? It is difficult to answer this question with any precision. The Government in position has taken much wind out of the sail of prospective labour party by voluntarily undertaking labour legislation of pioneering nature. If it does not succumb to pressure of vested interests, it may make the formation of a new labour party superfluous. So long as the Government does not lose sight of its political and economic objectives and implements its promises to the masses it would continue to enjoy their confidence and thus keep on serving them. Labour issue may cease to be a basis of party alignment in the Dominion of India. Labour is quickly coming into its own and it must conserve and utilize its growing power for constructive ends of the nation. The

ment as Chairman. The principle of participation by the representatives of the public sector undertakings in tripartite labour conferences and committees was agreed to at the 20th session of the Indian Labour Conference held in August, 1962. These representatives would, however, form part of the Government delegation for the present.

(*a*) *The new role of the worker.* "The worker is the principal instrument in the fulfilment of the targets of the Plan and in the achievement of economic progress, generally. His co-operation will be an essential factor in creating an economic organisation in the country which will best subserve the needs of the social justice. Certain rights and obligations are associated with this distinctive role."[1]

The economic condition of workers has to be considerably improved. But "Too rapid changes or changes on a wide scale may result in financial, administrative and other difficulties which endanger new reforms and retard further development. On the other hand, there should be a keen realisation of the fact that in an undeveloped economy, it cannot build for itself and the community a better life except on the firm foundations of a higher level of productivity to which it has itself to make a substantial contribution. The role of labour in promoting better standards of living for the community involves acceptance of a greater regularity in attendance, disciplined behaviour and meticulous care in discharge of duties. To ensure this, much greater attention has to be paid to the spread of literacy and the healthy development of trade unions so that workers are not exposed to exploitation and can act with greater sense of responsibility."[2]

A new factor emerging with the progress of the Plans is the enlargement of the Public sector. "Expansion of the public sector envisages an increasingly greater responsibility for workers as-

1. *First Five Year Plan*, page 570.
2. „ „ „ „ page 571.

In deciding the level of minimum wage, the workers' needs and economic capacity are the fundamental criteria and the two must meet each other half the way.

The terms of reference of the Wage Boards appointed in India give a clear indication of the direction of Wage Policy. These are :—

(*a*) to determine the categories of employees (manual, clerical, supervisory etc.) who should be brought within the scope of the proposed wage fixation ;

(*b*) to work out a wage structure based on the principles of fair wages as set forth in the report of the Committee on Fair Wages ;

*Explanation* : In evolving a wage structure the Board should in addition to the considerations relating to fair wages, also take into account :—

(*i*) The needs of the industry in a developing economy ;

(*ii*) The requirements of social justice ; and

(*iii*) The need for adjusting wage differentials in such a manner as to provide incentives to workers for advancing their skill ;

(*c*) to bear in mind the desirability of extending the system of payment by results ;

*Explanation* : In applying the system of payment by results the Board shall keep in view the need for fixing a minimum (fall-back wage) and also to safeguard against overwork and undue speed."[1]

The "need based"[2] wage is explained in the resolution of the 15th session of the Indian Labour Conference held at New Delhi in July 1957.

"While accepting that the minimum wage was need-based and should ensure the minimum human needs of the industrial

1. *Report of the Central Wage Board for the Cotton Textile Industry*, page 1.
2. *Ibid*, page 3.

worker the following norms were accepted as a guide for all wage fixing authorities including minimum wage committees, wage boards, adjudicators, etc :

(i) In calculating the minimum wage the standard working class family should be taken to comprise their consumption units for one earner, the earning of women, children and adolescents being disregarded.

(ii) Minimum food requirements should be calculated on the basis of a net intake of calories as recommended by Dr. Aykroid for an average Indian adult of moderate activity.

(iii) Clothing requirements should be estimated on the basis of a *per capita* consumption of 18 yards per annum, which would give for the average worker's family of four a total of 72 years.

(iv) In respect of housing, the rent corresponding to the minimum area provided for under Government's Industrial Housing Scheme should be taken into consideration in fixing the minimum wage.

(v) Fuel, lighting and other miscellaneous items of expenditure should constitute 20 per cent of the minimum wage.

Wherever the minimum wage fixed was below the norms recommended above, it would be incumbent on the authorities concerned to justify the circumstances which prevented them from adherence to the aforesaid norms."

(c) *Industrial Relations.* The principle of voluntary arbitration in resolving differences between workers and employers has to be extended. This has to be the normal practice, in preference to a recourse to adjudication as an important obligation accepted by the parties under the Code of Discipline.

(d) *Joint Management Councils.* Under the Third Five Year Plan there has to be a progressive extension of the scheme of Joint Management Councils to new industries and units. "The success or failure of an undertaking is not the concern of

own sphere and eliminating all unjustifiable practices which at present act as disincentives in drawing the best out of the workers".[1]

(g) *Research.* It has been decided to set up a Control Institute of Labour Research at Bombay.

The Government will undertake and encourage special programmes of studies and surveys of such aspects such as working and living conditions, family budgets, wage census index of earnings, patterns of absentees, productivity etc. Labour research being carried on under the state, employers' and workers' organisations and universities has to be co-ordinated. Investigations on labour problems sponsored through independent research institutions with government support have also to be encouraged. The growing complexity of industrial life and technological change with their human consequences has made such research more and more necessary.

## 80. Employment Policy and Planning

At the 45th session of the International Labour Conference held at Geneva in June, 1961, the long-term problems of employment and policies of the less developed countries characterised by lack of enterprise and capital, insufficient diversification of the economy, and the "population explosion", were considered. In the past the problem of employment had been considered to be one of periodic unemployment in the economically developed countries. To-day a very urgent aspect of the employment problem is a chronic labour surplus due to rapid population growth in a number of countries. For example, it was expected that in India the new entrants to the labour force during 1961-66 would number 17 to 18 million. Since there were 7.5 to 8 million unemployed at the beginning of 1961, jobs were to be found for nearly 25 to 26 million.

1. *Third Five Year Plan*, page 262.

As the Third Five Year Plan provided for employment of 15 million persons, the number of persons not provided with jobs was calculated at 10 millions in 1965.

A difficult aspect of the question of employment policy in underdeveloped or developing economies is the delicate problem of balancing between economic and social policy—the economic policy emphasising productivity aspect of investment and the social policy demanding larger number of jobs from additional investments. To this are added the demand for higher standards of living for labour, so far denied to them, emerging from increasing employment opportunities and the continuity of employment as a guarantee against the interuption of a minimum of living wage.

"The essence of modern techniques is the ability to produce more with less labour, and it seems usually to be the case that those who are taking decisions about investment in economic development have paid more attention to the production effects than to the employment effects of their decisions." This is a problem which even the most advanced countries have to face. For example, it was estimated that by 1962 the United States production levels could be attained with 1,800,000 fewer workers and therefore the President of the United States had proposed to the Congress a legislative programme providing for retaining facilities for displaced workers to enable them to once again find productive employment fitting with the requirements of advancing technology.

The 45th session of the International Labour Conference resolved to recommend to the Governments to take measures to promote the adequate growth of employment opportunities in the economy as a whole and in different sectors and regions ; to maintain a balance between improvements in current living standards and increased investments for providing higher levels of living and more employment in future ; training and retraining facilities ; coordination of social and economic policies with

employment policy ; and the promotion of employment opportunities for groups suffering from disadvantages.[1]

Little systematic attention had so far been paid to the question of unemployment and underemployment in developing countries. A group of experts appointed by the Governing Body of the I. L. O. in 1961 have prepared a report[2] on this problem. The experts found that in many programmes for economic development employment had been looked upon as a by-product of general economic development. But more emphasis had to be given to the provision of jobs as a separate policy objective and that there are opportunities for exploiting more energetically the possibilities of a mutually reinforcing increase of both employment and the rate of economic growth and that as a rule the employment of more labour will increase total output. The experts were also of the view that if properly used, abundant labour may be regarded as an asset rather than as a liability as it presents opportunities for increased production which countries without abundant labour do not have. Proper utilisation of labour must centre mainly on ways of increasing investment and of making the best use of such capital as countries have or can obtain. There are limits to the extent to which both investment and consumption can be increased simultaneously. Steps are, therefore, necessary to restrain higher consumption by the well-to-do among those who already have jobs or other means of living.

With respect of investment, employment and consumption, the planned economies of Eastern Europe have pursued a policy of high rate of investment, say 20 to 30 per cent of national income, which keeps back for a time the increase of consumption and a rise in wages. Some countries, like Brazil and Italy, have special programmes for the development of regions

1. *International Labour Review*, November, 1961, page 332.
2. *Summary, of the Report—International Labour Review*, November, 1962 pages 393 to 411.

where unemployment and underemployment are serious. The "Vanoni Plan" of Italy (1955-64) provides for full or nearly full employment.

Development of better labour-intensive techniques and capital-saving innovations are of vital importance for both the employment and growth objectives and all possible measures have to be taken to promote inventions and discoveries in this field.

According to the experts of the I. L. O. there are six requirements of a policy for a mutually reinforcing increase of both employment and the rate of economic growth. These are :[1]

"1. First and foremost is the need to raise the level of investment.

2. A second requirement is to explore all opportunities for raising the number of jobs created by a given level of investment through more labour-intensive types of investment both with respect to the goods to be made and techniques of making them, as long as such investments are consistent with the growth objective.

3. Within the framework of policies aiming at a high level and an appropriate pattern of investment, local and national initiatives are needed to plan and organise schemes to use unemployed and underemployed labour more fully, both in rural and urban areas, in certain types of productive activities, requiring little equipment, material or scarce skill.

4. Measures need to be taken to raise productivity, especially of scarce resources, by methods requiring little new investment, so as to increase the supply of investment goods and consumer goods needed to support a high level of employment.

5. Measures are also needed to make it as easy as possible

1. *International Labour Review*, November, 1962, page 401.

for people to move to places where there are jobs, to promote geographical balance in the growth of employment through appropriate regional distribution of productive activities, and to provide for vocational training facilities.

6. If an expansion of employment is not to be checked by balance of payments difficulties, national and international measures should be taken to increase export earnings, to abate excessive fluctuations in them, to economise the use of foreign capital."

Underemployment of labour in under-developed areas is located mostly in rural areas. Labour-intensive activities have to be promoted to absorb this labour and to increase output locally. Local capital construction such as minor irrigation and drainage works, rural housing, land improvement like terracing or bunding of fields, building of roads and storage facilities ; more labour-intensive methods of cultivation arising from heavy manuring, deeper ploughing, transplanting, closer planting, better weeding etc ; development of rural industries ; animal husbandry, afforestation etc. have all to be promoted.

Underemployment in urban areas can be fought by fuller utilisation of existing industrial capacity, introduction of multiple shifts, employing unskilled unemployed in public works. Educated unemployed in urban areas can be employed by expanding and improving the quality of social services in urban areas such as in teaching jobs in primary and secondary schools, in jobs in local health centres and in jobs requiring execution of welfare activity programmes in urban and rural areas.

## 81. Labour-Intensive Methods and their Problems[1]

Where the problem of under-employment or unemployment

1. *International Labour Review*, August, 1958, page 141.

cost advantage because of its underlying technical superiority. But to the extent to which development expenditure under planned development increases the total demand for the products in question, the severity of the competition will diminish and measures for restriction of output from the capital-intensive sector could be relaxed.

## 82. India and the International Labour Organisation

The International Labour Organisation was established on April 11, 1919 along with the League of Nations when the treaty of Versailles was signed after the First World War. The objective of the I. L. O. is "to improve the working and living conditions all over the world" and to establish "an international community of nations in which all peoples may live at peace amid steadily increasing prosperity." After the Second World War the League of Nations was replaced by the United Nations and the I. L. O. was brought into relationship with it on December 14, 1946.

The International Labour Organisation has adopted the Philadelphia Charter of 1944 and this forms now the sheet-anchor of its policy. The fundamental principles of the Declaration of Philadelphia accepted by the I.L.O. are :—

(*a*) Labour is not a commodity ;

(*b*) Freedom of expression and of association are essential to progress ;

(*c*) Poverty anywhere constitutes a danger to prosperity everywhere; and

(*d*) War against want should be carried on all fronts.

The Indian Constitution has incorporated several clauses about labour included in the Philadelphia Declaration and in particular, 'The state shall strive to promote the welfare of the people by securing and protecting, as effectively as it may, a social order in which justice, social, economic and political, shall inform all the institutions of national life" and further

"that the citizens, men and women equally, have the right to an adequate means of livelihood".

The three organs of the International Labour Organisation are :—1. The International Labour Conference composed of national delegates including two government delegates from each Member-State and one delegate representing management and one representing labour. The representatives of management and labour are to be chosen in consultation with their respective representative organisations.

2. The Governing Body is the executive of the I.L.O. and is composed of 40 members : 20 representing governments and 10 each workers and employers.

3. The International Labour Office, headed by the Director-General is the permanent Secretariate of the I.L.O.

The main endeavours of the I.L.O. lie in three directions:—

(*a*) Setting international labour and social standards in the form of international conventions which become binding after ratification by a country and recommendations which member countries may adopt in the context of their social and economic situation.

Thus an International Labour Code is evolved about matters like wages, hours of work, minimum wages of employment, conditions of work for various classes of workers, workmen's compensation, social insurance, vacation with pay, industrial safety, labour inspection, vocational training, industrial relations, freedom of association, labour standard in non-self governing territories etc.

(*b*) Aiding countries through technical assistance. The assistance takes the form of expert advice, organisation of technical information; grant of fellowships and internship; training institutes and programmes; exchange of organisation of seminars and technical conferences; and supply of equipment.

(c) Gathering and dissemination of information of social and economic interest.

On the recommendation of 13th session of the Indian Labour Conference held at Mysore in January 1954, a committee was set up to examine I.L.O. Conventions and Recommendations and to suggest measures for their ratification or implementation. At the sixth session of this committee held in 1962 it was resolved that the Conventions and Recommendations formulated by the International Labour Conference could be ratified to a much greater extent by countries like India, if Government had full consultations with the employers' and workers' organisations before briefing the Government delegations. Such a procedure would enable the entire Indian delegation to secure due recognition of India's view point if the entire delegation was of one mind while considering Conventions and Recommendations were presented at the International Labour Conference.

India has been a member of the I.L.O. since its establishment in 1919 and its Government have had a permanent seat on its Governing Body since 1922. India has been the venue of the Preparatory Asia Regional Conference held in New Delhi in October 1947 and also of a number of the committee meetings of the I.L.O.

Of the more important conventions of the I.L.O. ratified by India are :—

1. the limitation of working hours in industrial undertakings ;
2. prohibition of employment of children and women at night ;
3. compensation in case of injury or death ;
4. protection of dock labour against accidents ;
5. suppression of compulsory labour.
6. a system of labour inspection;

7. machinery for fixing minimum wages in certain industries;
8. equal remuneration for men and women workers for equal value;
9. protection and integration of indigenous and tribal populations; and
10. organisation of employment service.

India received technical assistance from the I.L.O. in a number of respects. With the assistance of experts from I.L.O. productivity studies in engineering and textile industries in India have been taken up. Other schemes for which technical assistance has been obtained are an employment information programme, a manpower project; an occupational classification project and for training within industry.

In March 1959, eighty countries[1] of the world including countries at different levels of economic development and under different political systems were members of the I.L.O. The I.L.O. truly is the parliament of the labour world. It is here that labour interests of all countries stand unified and through this organisation labour gets its rightful place along with the employer (private or public) whatever the form of government may be.

### 83. I.L.O. and the United Nations Development Decade

The United Nations General Assembly have by a resolution designated the years 1961-70 as the United Nations Development Decade. The objective is to ensure in each developing country, a minimum annual rate of growth of aggregate national income of 5 percent by the end of the period. The

1. Membership of the I.L.O. includes U.S.A.. U.S.S.R., U.K., Japan, West Germany, United Arab Republic, India, Switzerland, Australia, Austria, Burma, Iran, Canada, Afghanistan, Israel and several other countries.

I.L.O. can play a particularly important role in the development of human resources to achieve an equitable distribution of income and ensure consultation of employers and workers' organisations regarding economic policies. "The resolution then asks for an intensification of I.L.O. programmes in such areas as labour-management relations, productivity, management training, manpower organization and small-scale industry and handicrafts, transition from a non-wage to wage labour force (a common process in industrialising countries); and for every thing possible to be done to achieve full employment and to bring productive and freely chosen work within the reach of all, as called for in a resolution on employment policy which had been adopted at the previous session of the Conference".[1]

## 84. Defence and Labour

The Chinese aggression on India's territory commencing on 20th October, 1962 created a national emergency in the country. The entire resources of the country have to be mobilised for defence needs. Labour is the most important resource for this purpose. It has, therefore, to be fully mobilised. "Similarly labour of different type will be required to support the soldier in the field. Besides the supplies of war materials, the rapid construction of roads, bridges, temporary camps and hospitals and other ancillary work will require efficient workers in large numbers. It would thus give an opportunity to labour of various types not only to find employment, but also to show that they can rise to the occasion in the cause of national effort by greater efficiency and harder work."[2]

Man-power planning assumes a new urgency as it is through it that proper and effective mobilisation of labour in the country is possible. Through an extensive well-thought out

1. *International Labour Review*. October, 1962, page 336.
2. Professor C. N. Vakil's presidential address to the All India Labour Economics Conference, Ahmedabad, Dec. 1962.

programme of training and re-training and by drawing out under-utilised and unutilised labour force, the impact of labour utilisation on our defence preparation can be fully felt.

National emergency has created conditions of industrial truce. Labour and capital have been drawn together in a common objective in which each would sincerely give its best and do its best. An ideal psychological climate for promoting efficiency and productivity has, therefore, been created. Slackness and slovenliness which are responsible for shoddiness in production must be treated as a national crime. War would not tolerate indifferent quality products.

It would be the responsibility of the Government to see that there is no erosion in the real wages arising out of the expected rise in prices usually associated with a war time period. It would also be the responsibility both of the employer and the state to see that increase in productivity of labour as exhibited by their devotion to work is acknowledged and rewarded and becomes the basis for advances in wages and worker's participation in management when normal conditions return. Labour on its part will realise the contribution it can make by way of restraints on consumption and rise in wages in holding in check rise in prices.

Standards of efficiency reached under the stress of defence emergency, would, it is hoped, be maintained under peace-time conditions and suitable incentives provided to this end as substitutes of war urgency. Worker's participation in industries can be based only on productivity and realisation of sense of responsibility. It would be impossible for capital to deny labour its rightful place in the coming order of things when labour proves itself up to the task.

Both labour and employer have accepted their duty and responsibility in the period of national emergency. This is evident from the Industrial Agreement entered by them soon after the declaration of emergency by the Government.

## 85. Industrial Agreement Resolution

On November 3, 1962 a joint meeting of the employers' and workers' organisation was held at which it was felt that to face the situation of national emergency created by Chinese attack on India's territory it was essential to increase production to the maximum and that the employer and the labour class should do their best in augmenting the defence efforts. Towards this end the following steps were necessary :—

1. *Suitable atmosphere.* It was necessary to create and maintain a proper climate. Both labour and capital have to exercise discipline and toleration so that no obstacles come in the way of defence arrangements and that these are strengthened ; all practical steps should be taken to increase constructive co-operation between them.

2. *Industrial peace.* (*a*) Under no condition will production of goods and services be allowed to suffer, nor will its speed suffer.

(*b*) Both employer and labour will exercise self-restraint over their economic interests and keeping in view the defence requirements agree to accept the maximum sacrifice.

(*c*) Settlement of disputes by arbitration will be used to the maximum.

(*d*) Petroleum and petroleum products, chemicals and other industries may be included in the list of "Public Utility Services" under Industrial Disputes Act 1947.

(*e*) Complaints about harassment of workers, laying off, retrenchment and dismissal should be settled by arbitration. So far as possible retrenchment and dismissal of workers will not take place during the period of national emergency.

(*f*) Industrial disputes should be settled with the utmost despatch and harmonious relations between labour and capital be maintained.

3. *Production.* (*a*) Man, machinery and material should

## 86. Gandhian Approach to Labour Problems [1]

Gandhiji is better known to the world outside as the architect of India's freedom. The technique of the battle of freedom based on non-cooperation, civil disobedience and non-violence had an ethical basis.

His work in South Africa had introduced him to labour problems as he was moved by the sub-human conditions of labour there. On return to India in 1915 he settled at Sabarmati Ashram at Ahmedabad. In this town he came in touch with textile workers and Gandhiji's influence transmuted the Ahmedabad Textile Labour Association into a model of a trade union—not a militant body but a truly welfare organisation.

Labour problems all over are offshoots of industrialism and industrialisation which represent production of wealth as an end in itself. Machine production and centralised production become the order of the day. Gandhiji's industrial order envisaged decentralised production which diffused wealth as it was produced. According to him labour and capital have an equal importance and he pleaded for cooperation between them at all levels. This gave rise to the principle of labour copartnership from which follow experiments in profit-sharing and joint councils of management.

He sought to organise labour as a disciplined force which would eschew violence in their struggles. He did not approve of strikes in general and particularly of strikes which degenerated into rowdy behaviour, molestation on picketing. According to him trade union activities should "cover all the aspects of workman's life both inside the factory and at home" and the worker taught to behave as a full-fledged responsible citizen in the society.

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1. Gandhian Approach to Labour Economic problems was discussed at the VIIth All India Labour Economics Conference held at Ahmedabad in December, 1952 at which five papers were read on the subject.

worked for a Sarvodya Swaraj (in which there are opportunities for every one to rise)—a true welfare state. According to Dr. R. J. Suman, "The theory of trusteeship postulates an enlightened recognition of the new social need and the required readiness on the side of the private owners to part with their private rights."[1] To implement the Trusteeship philosophy persuasion, State legislation or nationalization may have to be applied.

Strikes may be resorted to as a last resort for settling labour problems. Conditions for a successful strike according to Gandhiji are : (1) The cause of the strike must be just. (2) There should be a practical unanimity among the strikers. (3) There should be no violence used against non-strikers. (4) Strikers should occupy themselves temporarily in some other productive occupations so that financial weakness does not cause their succumbing. (5) Strike would not be successful if surplus labour is waiting to step in the place of strikers. (6) A good leadership among strikers is essential, a leadership which is not mere pleadership of any cause, right or wrong, but which takes care to sift the right from the wrong, and then stand for the same by the labour. (7) The workers or their leaders should carefully study the pros and cons of the case before formulating their demands. They should always be prepared for correction if they are shown to be in the wrong.

Gandhiji favoured voluntary conciliation and arbitration as the best means of establishing better industrial relations. This he translated into a working model in the Ahmedabad Textile Labour Association. Gandhiji visualised that labour, management and community are members of the same joint family, coercion is not only unnecessary but morally wrong.

Workers' participation in management is to be based on

1. Dr. R. J. Suman—*Peaceful Industrial Relations, their science and technique*, page 112.

basis of industrial relations is therefore not warfare but industrial harmony based on industrial democracy. There may be difficulties in the full implementation of Gandhian ideology in labour problems. But the ideals are now clear and have been accepted by our Government as road marks of India's labour policy. The goal of economic development is not only wealth but also welfare.

ration the regular use of forces of law and order much to the detriment of progress. Economic development is bound to get arrested and political exploitation of the situation for furtherance of party interests begins to flourish. Satisfactory industrial relations are, therefore, in the best interest of national peace and progress.

The misconception that there are just two interests involved in production dies hard. In fact the consumers (who eventually limit the volume of production and profits) and the managerial personnel and technical expert (who are responsible for the execution of production plans on a high level) must be considered as integral associates along with the workers and the capitalists in the productive process. As such the basis of a satisfactory solution of the problem of industrial relations must take in account the stake and the contribution of all these four partners in production. If as a result of the agreement between labour and capital prices are raised to meet the claims of both these parties, the arrangement would be found to be shortlived as the consumers would begin to revolt against the burdens imposed upon them. Moreover, if demand contracts production becomes self-inhibiting. Men of science and managerial staff must be properly rewarded so as not to impair the incentive to do their job well. The financial risk-taker cannot be ignored so that the flow of capital may not be retarded and the volume of employment at a high level is maintained.

The year 1946 witnessed the strike fever spreading to 'White collar' workers, employees of the public bodies and government servants. The problem of industrial relations, therefore, began to merge into the much wider question of the basis of smooth relations between the employers and the employees irrespective of the kinds of jobs concerned. Because nationalised industries also did not remain immune from this conflict, nationalization apparently offered no solution of this urgent but ticklish problem. The problem of industrial relations in

its wider aspect is, therefore, the problem of keeping human relations straight and smooth.

An industrial conflict is evidenced by a strike. The conduct of a strike can, therefore, furnish some useful clues to the proper understanding of the spirit in which the problem of industrial relations may be approached. Before a strike is actually declared the issues involved should have got fairly crystallised, so that the employers may know how much more they can concede and the workers know how much more they can extract. But so long as labour is not properly organised and employers do not fully appreciate the partnership status of the workers, the attitude of both the labourers and the employers towards strike cannot be of the right type. The employers have been taking a racalcitrant attitude towards the demands of the workers so that they may be provoked into a strike. The workers probably in despair have come to count on strike weapon as the only way of getting a fair deal. Instances have not been lacking when the spies of employers have shadowed union men and acted as agent-provocateurs, goondas and strike breakers have been employed to belabour and intimidate workers loyal to the trade unions. Attempts have not been spared to side-track strikes and bring them into conflict with the forces of law and order. Instead of, therefore, trying to understand the demands and points of view of the workers, the employers have considered the labourers and their leaders as their enemies. The labourers on their part have not always cared to understand the point of view of the employers and in their anxiety for an initial triumph have paid little attention to their larger and abiding interests. In their helplessness the labourers have occasionally resorted to the violent ways, molesting non-unionists or black legs and sabotaging or wilfully damaging property. Bitterness and exasperation emerge out of strikes conducted in the wrong way and met in a bad

slogan "Liberty, equality, fraternity," when they won their way, they got instead of "Liberty, equality, fraternity," rent, interest and profits, and they were neither surprised nor sorry, but the rest of the French people were. I shall request the Indian employers not to emulate the unworthy example of the French employers."

### Statistical Study of Industrial Disputes

The number of disputes resulting in the stoppage of work during 1947 was 2,118 as against 1,629 in 1946, 820 in 1945 and 406 in 1939. The number of man-days lost was 15,883,464 in 1947, 12,717,762 in 1946, 4,054,499 in 1945 and 4,992,795 in 1939. Of the causes of labour disputes, the major ones appear to be the following : Wages including allowances and bonus, personnel, leaves and hours of work, rations and others. After the strike wave of 1946 the resolution of the Congress Working Committee said that no lasting solution of difficulties leading to strike will be available so long as a definite policy regarding a future price structure does not shape and an orderly and just basis is not provided for the economic relations in the country. The Government has been unable to develop any definite policy regarding future price structure ; in fact prices are showing signs of being out of control and so the adjustments between wages and cost of living are more frequently and readily disturbed.

The urgency of the problem of industrial relations became very obvious in view of the decline in our industrial production since the end of the war, but more noticeably since August, 1946. This was threatening to cut the very basis of economic planning and the hopes entertained through it to raise the standard of living of the people. A national disaster was apprehended and the Government attempted to stay the rot by forging an industrial truce in December, 1947, for a period of three years. The period of three years should give the time-

interval during which all thoughts of deciding disputes by trial of strength should be eschewed and a formula for the lasting basis of industrial harmony is evolved. If the terms of truce are carried out by both the parties with full sincerity and devoid of mental reservations a new horizon may dawn and strong links of partnership between labour and capital may be forged. The terms of the truce were :—

(*a*) That the fullest use should be made of statutory and other machinery for the resolution of industrial disputes in a just and peaceful manner, where it does not exist it should be created without delay. Such machinery should as far as possible be uniform throughout India.

(*b*) The establishment of machinery, control, regional and functional, for the study and determination of fair wages and conditions of labour, and fair remuneration for capital, and methods for the association of labour in all matters concerning industrial production, such as the promotion of Central, Regional and Unit Production Committees.

(*c*) The constitution in each industrial undertaking of Works Committees representing management and duly elected representatives of labour for the settlement of any dispute which may arise from day to day.

(*d*) That, as a first step towards improving the standard of living of workers, immediate attention should be devoted to the problem of housing of industrial labour, the cost of such housing should be shared in suitable proportions between the Government, employers and labour, the share of labour being given in the shape of a reasonable rent.

It seems that the industrial truce was not being worked in the proper spirit. During the first quarter of 1948, despite the truce, the number of strikes recorded was 454 as against the last quarter of 1947 when there were 389 strikes in India. In the first quarter of 1948 the man-hours lost in strikes were

Since influence over labour gives political power, rivalry between political parties is partly accountable for a number of strikes breaking out notwithstanding the industrial truce. The terms of truce resolution raise new hopes and their tardy fulfilment gives interested persons opportunities to exploit the situation to their advantage by fishing in troubled waters.

The Government has accepted the principle of profit-sharing for labour. They consider that labour's share of the profits should be on a sliding scale normally varying with production. A committee is going into the basis on which profits after meeting necessary charges such as payment of fair wages to labour, a fair return on capital employed in the industry and reasonable reserves for the maintenance and expansion of undertaking, are to be shared between labour and the industrialists.

The industrialists consider statutory profit-sharing to be unworkable and inimical to the best interests of larger and efficient production. The Government thinks otherwise. The workers naturally infer that the industrialists continue still to think in old terms. The atmosphere for smooth industrial relations is thus spoilt.

The varying attitude of the labour towards capital may be best described as passive co-operation, coercive co-operation, antagonistic co-operation, spontaneous co-operation and partnership. It is on the basis of active partnership that the foundations of smooth relations between labour and capital may now be placed. The employer must attempt to achieve this partnership between himself and his workers. He must negotiate with trade unions and give them credit for their achievements. By this type of attitude he will encourage the labour leaders to give a correct lead and increase their hold on the workers. The workers must also be prepared to share the responsibilities of this partnership. They must choose their leaders wisely and honour the agreements brought through them and not become impatient of their achievements. The

workers must primarily use their struggle for bettering their economic condition and lifting their status and avoid frustrating their energies for changing the economic system, if they happen to have ideological differences over it.

Just as workers suffering from lack of incentive are not expected to throw their heart and soul into the task of production, similarly the capitalists are likely to slacken their efforts if their incentives are very much weakened. The State may step in the hiatus created by the contraction of private enterprise or it may encroach upon the sphere of private enterprise in a planned manner, but if the workers are not trained to develop a full sense of responsibility in the exultation of their freshly won triumphs, the production problem may elude solution even under nationalization. During this transition from private to State enterprise the State must endeavour very hard to instil the proper spirit in the workers and their leaders as a well meaning arbitrator between capital and labour. If it cannot put industrial relations on a sound and stable footing as a third party it will much less succeed when and where it is an interested party as an employer.

APPENDIX II

## RECOMMENDATIONS OF THE PROFIT-SHARING COMMITTEE

In the textile industry profit sharing should be tried on an industry-cum-locality basis in Ahmedabad, Bombay and Sholapur. There are no Government undertakings in the sectors recommended for the profit-sharing scheme.

The committee suggests in its report that the future policy can only be developed in the light of experience gained during the trial period. If the initial experience was not unsatisfactory, the committee recommends, Government should consider extension of the scheme to other suitable industries.

The committee was set up to undertake a preliminary study of matters such as "fair return on capital employed in the industry, reasonable reserves for the maintenance and expansion of the undertaking and labour's share of surplus profits calculated on a sliding scale normally varying with production."

The committee, with Mr. A. Venkataraman, Secretary, Ministry of Industry and Supply, as chairman, held its sessions from May 29 to August 1, 1948, and arrived at agreed conclusions, embodied in its report, on most of the problems referred to it. These conclusions will be considered by the Central Advisory Council, which is to be set up shortly in terms of the Industries Conference resolution of December, 1947.

### Labour's Share

With regard to the question how labour's share in profits might be related to production, the committee after a detailed examination of the issues involved, comes to the conclusion that it is not possible to devise a system in which labour's share of the profit could be determined on a sliding scale varying with

tions. But we consider that we are precluded from applying this criterion as it raises political and economic issues outside our terms of reference. On the second point, we think that giving labour a share in the profits of industry, apart from wages, would create psychological conditions favourable to the restoration of industrial peace. This, in turn, will be an important indirect means of facilitating increased production. On the first point, our view is that by distributing the share of labour—the total share itself being arbitrarily determined—among individuals in proportion to their total earnings in a preceding period a measure of individual incentive to labour for increased production would be provided.

**"While we would repeat that it is not possible to devise a method which would directly link labour's share of profit with production, we consider that the indirect effect on production would be sufficiently tangible to make an experiment in profit-sharing well worthwhile."**

### Prevention of Strikes

Pointing out that the main reason for recommending an experiment in profit-sharing is that it would promote industrial peace, the committee has provided that the benefit-sharing in any year should be withheld, wholly or in part, from workers or sections of workers who, during that year, participate in a strike declared illegal by competent authority. Similarly, if there is an illegal lock-out, "surplus profits" should be computed for the purpose of profit-sharing as if there had been no such lock-out.

### 'Capital' Defined

Considering the various specific points on which decisions are required in order to formulate an experimental profit-sharing scheme in the selected industries, the report defines capital employed as paid-up capital plus reserves (including all

future allocations of reserves) which are held for the purpose of the business. Reserves in this context will exclude depreciation and will include only those reserves built out of profits on which taxes have been paid. We consider, says the report, that depreciation should be the first charge on gross profits and reserves should be the first charge on net profits, *viz.*, gross profits minus depreciation, managing agency commission and taxation.

### 'Fair' Return on Capital

On the subject of fair return on capital, the report says: "Viewing the question carefully and dispassionately, we have come to the conclusion that a fair return on capital employed in the established industries to which we have recommended the application of a scheme of profit-sharing as an experimental measure, should be that minimum return which will encourage further investment. We consider, taking all factors into account, that 6 per cent on paid-up capital plus all reserves held for the purpose of the business would be a fair rate under present circumstances. After an examination of the extent of reserves in undertakings in the industries we have selected, we believe that 6 per cent on capital employed, as we have defined the term, augmented by 50 per cent of the surplus profit would enable the concerns, generally speaking, to declare a reasonable dividend.

**"If in any year, profits are not enough to provide this rate of return the deficiency should be made up in the succeeding years, cumulatively."**

### Surplus Profits

Referring to labour's share in surplus profits the committee says: "We have stated that it is not possible to relate labour's share to changes in production, and that labour's share must be determined in an arbitrary manner. Having due regard to the conditions prevailing in the industries selected for an ex-

periment in profit-sharing, we have come to the conclusion that labour's share should be 50 per cent of the surplus profits of the undertakings. The individual worker's share of profit, we consider, should be in proportion to his total earnings during the preceding 12 months, minus dearness allowance and any other bonuses received by him. This should, of course, be in substitution of any other form of profit-sharing bonus that is being paid now."

### Basis of Distribution

The report deals at length with the question whether labour's share should be distributed by each undertaking or by each industry or industry as a whole in each region or for all industrial undertakings in the country.

*Ex-hypothesi*, says the report, profit-sharing can only be unit-wise. Only then can the fundamental objective of profit-sharing, *viz.*, that the worker should have a direct interest in the fortunes of the concern in which he works, be attained. This will, however, inevitably mean no share for labour in units which do not make profits. It will also involve differences in remuneration to labour in different units. The efficient worker who has the misfortune to be employed in an undertaking which makes no profit must remain content with his ordinary wages, while an inefficient worker who has the good fortune to work in a profit-making concern will, nevertheless, share in the prosperity of that concern.

"We have found that labour as a whole is not prepared to accept these implications of profit-sharing. Trade unions are usually organized on an industry-wise basis, and profit-sharing unit-wise will cut across that structure. The fear has been expressed whether this may not lead to industrial unrest. It has been suggested that these difficulties can be removed if profit-sharing is on an industry-cum-locality basis. But employers are fundamentally opposed to such pooling of profits,

which will mean subsidizing of inefficient concerns by the more efficient units in an industry. Such a system will not be profit-sharing, and will be nothing more than a form of special levy on selected industries for the benefit of certain sections of labour.

"In view of these difficulties, we recommended a scheme where profit-sharing should normally be unit-wise but in certain selected cases would be on an industry-cum-locality basis. We consider, that, to begin with, profit-sharing on an industry-cum-locality basis should be tried out in the textile industry in Bombay, Ahmedabad and Sholapur. The extension of the scheme to the textile industry in other localities can be considered later by Government. In these cases, the surplus profits of the units will be pooled for the purpose of ascertaining what should be the profit-sharing bonus payable to labour in the industry in that locality. This bonus shall be payable, as a minimum, by every unit to its labour, irrespective of its profits. But in those units where half the surplus profits (*i.e.*, the amount due to labour in that unit) exceeds the sum required to pay the minimum bonus referred to in the previous sentence, such excess shall also be paid to the workers of that unit. In all cases, however, individual cash disbursement will be limited to 25 per cent of a worker's basic wage, and any excess will be kept in his account, provident fund or otherwise.

"The net effect will be that labour employed in every unit in the locality will get a minimum share calculated on the basis of the total of half the surplus profits of all units in the locality which make surplus profits. The committee recognizes that this proposal amounts to a fundamental departure from the principle of profit-sharing to the extent it involves the payment of a minimum sum by units who have either incurred a loss or made a profit less than the average profit of the industry. Except in the case of such units, however, it would be a scheme of profit-sharing as ordinarily understood. The proposal, more-

over, meets one of the employers' fundamental objections to profit-sharing on locality-wise basis, inasmuch as it does not involve efficient units subsidizing workers of inefficient units".

While the main body of the report contains agreed recommendations of the committee, a few notes of dissent, namely, those by Mr. A.D. Shroff, Mr. S.P. Jain, Mr. Asoka Mehta, Mr. Khandubhai K. Desai and Mr. V. P. Karnik are appended to it.

**An Examination of Profit-sharing Proposals.** The proposals of the profit-sharing committee are based on a compromise between conflicting claims. The acceptance of the principle of profit-sharing at once raises the status and the place of the workers in the present system of production. As it is a bold departure from the old approach to the labour-capital relations, the recommendations of the profit-sharing committee give rise to misgivings in the industrialists. On the other hand, labour feels that the proposals of the committee provide a heavy safeguard for the interests of the employers and do not go far enough.

Profit-sharing has been recommended as an experiment in six selected industries. The largest employer of all, the Central Government, has been excluded from the profit-sharing experiment, probably as one of the aims of profit-sharing in India is to provide an incentive to production and the Central Government is not at present responsible for production of goods in any important field.

The realization of profits depends to a major extent on the efforts put forth by management. The whole process of investment, selection of lines of production, the volume and timing of flow of goods, making of marketing arrangements, management of financial cover require foresight and acumen not to be found in an average worker. When an industry does not make profits, insistence on profit-sharing even on the minimum divisible pool basis is likely to lead to unrest and dissatis-

Industry-wise profit-sharing, whether it is nation-wide or locality-wise, ceases to be profit-sharing and becomes a method of calculating additional wages as labour's share of profits, for each unit in the locality is to be calculated separately and the shares of all units totalled up to determine the worker's share for the locality. This share is considered the minimum payable by every unit whether it has made a profit or not during the year.

Nothing can be said with certainty about the success of the profit-sharing scheme. In other countries profit-sharing has not come up to expectations. The compulsory scheme introduced in British coal-mining industry after the 1921 stoppage "has in practice shown the almost inevitable failure of any system imposed by any outside authority upon an unwilling industry. Its effect has been to increase suspicion between employers and employed, to subsidise incompetence at the expense of competence and prevent the development of the industry in regard to technical equipment by decreasing the fund available for capital expenditure." But between 1921 and today there has been a marked revolution in economic thought, mental approach to labour-capital relations and also the attitude of the State towards the solution of the problems of industrial relations. Under changed circumstances the chances of a fair trial of profit-sharing scheme are favourable and as a result of trial and error some practical formula of profit-sharing and ensuring of labour-co-partnership to the good of national prosperity is likely to result.

APPENDIX III

## JOINT COUNCILS OF MANAGEMENT

"The scheme of active association of labour with management has been introduced in India, as a part of the object of building a socialist society ; and it is conceived as a measure of industrial democracy. Reduction of industrial tensions, increase of productivity, education of the worker to enable him to acquire an understanding of his role and importance in the enterprise and production, and satisfaction of his urge to self-expression are...the more specific objects of this scheme."[1]

"The functions of the Joint Management Council, on which the employers and the employees are equally represented, are grouped under four categories :

(*a*) the general objectives;

(*b*) matters in respect of which they have the right to discuss and in respect of which they have the right to receive information and offer suggestions ;

(*c*) matters in respect of which they have the right to be consulted; and

(*d*) those in respect of which they are to be entrusted with responsibility which can be taken to mean, those in relation to which they exercise administrative power. Under (*a*) Councils are under the obligation to improve working and living conditions, increase productivity, encourage suggestions from employees, assist in the administration of laws and agreement, serve as authentic channels of communications and create among the employees a live sense of participation. Under (*b*) are covered

1. *Fifth All-India Labour Economics Conference*—Gyan Chand, Dharwar, Dec, 1961, page 20.

such matters as general economic situation of the concern, the state of markets, annual balance sheets and long terms of expansion etc. Under (*c*) on which the councils have to be consulted are included general administration of Standing orders, introduction of new methods of production and reduction and cessation of operation. And under (*d*) are matters of welfare schemes, safety measures, vocational training, schedules of working hours and payment of rewards for suggestions. The Joint Management Councils do not exercise any administrative authority over matters other than covered by (*d*), and though they are not unimportant, they do not effect the economic administration of the enterprise or exercise of authority. The workers' representatives are nominated by Trade Unions and management, and the collective bargaining is excluded from purview of the Councils. This is in keeping with the practice in all other countries, as it is important that the Trade Unions should not be bye-passed if their co-operation is to be obtained for working the schemes of association.

At present the scheme is being tried in ten undertakings in public sector and seventeen in private sector and of these, according to official reports, details of the working of Joint Management Councils have still to be ascertained for six out of ten undertakings in public sector and seven in private sector.

This means that we have experience of fourteen undertakings in both private and public sector which have given this scheme even a trial. None of the big undertakings in public or private sector have shown interest in this scheme. Hindustan Steel, Hindustan Chemicals, Hindustan Aircrafts, Neveli Lignite, Heavy Electrics, Bharat Electronics, Hindustan Shipyard, the Reserve Bank of India, the State Banks of India, Air India, Indian Air Corporation and Life Insurance Corporation have all kept themselves out of it and shown no inclination to introduce the schemes even on an experimental basis. Among the big units in public sector Hindustan Machine is the

only exception and it is reported that a Joint Management Council will soon start functioning in it. Among the big industrial undertakings in private sector Tata Iron and Steel is the only concern, which is reported to have introduced this scheme but it is also one of the seven undertakings in private sector which have not furnished information about its working. The Tatas as a whole, the Birlas, the Associated Cement, the Wimco, the other joint concerns and monopolies, which as is well known, represent massive concentration of power in this country are not even disposed to consult their employees, give them information or invite their suggestions or even let them administer their welfare schemes or supervise safety measures."[1]

1. Fifth All-India Labour Economics Conference—Gyan Chand—(Presidential address), Dharwar, December 1961, pages 21, 22

## APPENDIX IV

# TRADE UNIONS AND STRIKES[1]

*P. C. Malhotra*

A strike is an organised cessation of work on the part of the 'workmen' to force attention of the employer, the public, the State to pay attention to the needs of the workers and provide them redress. The term 'workmen' means all persons employed in trade or industry whether or not in the employment of the employer with whom the trade disputes arise.

We have been accustomed to hear of industrial workers go on strike ; lately persons engaged in transport have also gone on strike and more recently non-manual workers engaged in insurance, banking and administrative offices have been resorting to strike through their organisations known as Unions. The British Ministry of Labour has described trade unions as 'All Organisations of employees including those of salaried and professional workers as well as those of manual wage-earners."

Economic development of nations has passed through the cycle of extractive (agriculture, fishing, mining etc.), manufacturing and tertiary industries. In the agricultural stage production was on scattered lands, the producer was also the owner of means of production, the worker therefore was his own employer ; labour as a distinct factor of production separate from the capitalist employer did not exist.

The social, political and economic systems prevailing at the time did not permit a worker the right of organisation on the basis of the trade he followed for furtherance of his economic interests.

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1. Published in the *Indian Review*, April 1961.

Under feudalism the manor lord held full sway over the villeins (tenant serfs). The Black Death-fierce plague or epidemic raged all over Europe in the 14th century. In England the Black Death wiped out whole villages. This created a scarcity of labour and gave the land slave his chance. Labour was commuted into service and the thin end of the wedge into land labour slavery was introduced.

The Enclosure Movements, that is the policy of enclosing small strips of lands and thereby converting them into big blocks led to the dispossession of the land owners and created a class of landless workers. Conversion of arable land into pasture farming released labour from land as pasture farming did not require that much labour which cereal growing did.

Then came the industrial revolution the main feature of which was the starting of big factories at one place, the use of machinery and the herding of workers under one roof. The worker had to leave his home to work in the factory, he neither owned the raw materials nor the tools to work with and therefore had no interest how the product of the factory was sold. He had to work for fixed hours on a settled wage. From an independent worker or self-employed he became merely seller of physical work.

*Industrial Revolution.* With the Industrial Revolution came the use of power machinery of the factory system and the complete triumph of *laissez-faire* ; *i. e.* the policy of the State was not to interfere in economic matters, and conditions of economic exploitation and social anarchy therefore prevailed.

The population grew rapidly, workers crowded into towns which were dirty and congested hovels. The treatment of children in the factories was inhuman. Hours in the cotton factories in England were any thing up to sixteen a day and rarely below twelve, wages for a grown up man were very low.

The factories which were made out of dwelling houses to

make money were dirty, ill-ventilated, insanitary and often dangerous. There were no laws to enforce safety measures and the employers saw no reason or necessity to spend money on them.

Productivity rose very high. So great fortunes were made by a few, but the vast majority of the working people became the slaves of the new machines and lived in misery. The Governing classes found in the *laissez-faire* doctrine an intellectual and moral justification for amassing enormous pecuniary profits.

The French Revolution made the governing class in England fear and hate the new proletariat. Legislation was passed by Combination Acts of 1799 and 1800 to suppress trade union activity.

The odds were against the workers ; the policy of the state gave free scope to the factory owners to neglect and exploit the labourers. The humanitarian conscience had not yet been awakened to meet the dire needs of the situation. The only remedy was self help on the part of the workers themselves which promoted and called for this organisation into some sort of trade unions.

Early unions in Great Britain took the form of organisation among wage earners in the form of local trade clubs. These bodies depended upon appeals to parliament to protect the wage standards of their members. They also showed hostility to machinery and restriction of entrance to trade.

*Free Scope.* Both these methods were against the march of time. The recognition of trade unions with the right to strike was achieved as a result of long struggle against vested interests, repressive legislation and difficulties of bringing the workers together in the face of these obstacles.

The main reasons for collective action on the part of early labour organisation was that individually a worker was no match to his employer. The exact circumstances under which

trade unionism first took root differed from country to country, but in all cases it was the product of industrialisation.

The Industrial Revolution in England brought about a complete transformation of the economy of the country and in Europe the Industrial Revolution occurred first in England ; the labour movement here became the model for other countries. Trade unionism rose in Germany at the end of the 19th century by which time industrialism had caught sufficient strength in the country.

The weakness of French and Italian trade unions reflected the partial triumph of industry over agriculture. There was little connection between the mediaeval gild system prevailing in England in the mediaeval period of British history and the modern trade unionism in the country. But in the rest of Europe labour movement had its origins in the gilds as these institutions continued under Mercantilism during the 19th century.

Labour movement in different countries has been inspired by a number of political ideologies. The French and the Italian trade unions are in open hostility to the existing governments. The Soviet State has completely absorbed the Russian trade unions and has used these as an instrument of state machinery.

In Norway and Sweeden the trade unions co-operate fully with their governments. In Britain and Australia, the trade unions are in loyal opposition to their Governments. In India, the most important labour organisation, *viz.*, the Indian National Trade Union Congress, may be said to be in loyal opposition to the government outside the legislature ; inside the legislature their representatives belong to the party in power, *i.e.*, Congress.

*Trade Unions.* Industrialisation has come in India at a time when the "welfare state" idea has been embodied in our

Constitution. So the exploitation of labour by the capitalist is impossible and is ruled out, the labourer in the political matter having been given the right of adult franchise.

Strike as weapon of trade unions is recognised. It is the eventual sanction behind the trade union movement. The labour leaders have to use this weapon with a surgeon's skill and not with a child's frolicsomeness. The need of the hour in our country is more production, which alone can permit the actual realization of the welfare state.

Sound and strong trade unions will win victories without the actual warfare. Time is on the side of labour. Collective bargaining through negotiations, conciliations, arbitration, should be able to avoid the use of strikes.

The present situation throws a difficult challenge to the capitalists and enterprisers. A big mental adjustment on their part is also called for. They must understand not money, markets and material but also men.

When the requisite mental adjustment takes place in both labourers and employers, strikes may cease to be the obstructive, the destructive and the corrosive force that these tend to be in a degenerated situation.

*Strikes in the Public Sector.* Should strikes be permitted in the Public Sector ? This has become an important and an urgent question since the Public Sector is growing and expanding and casting its long shadows which trails its onward march. The answer to this question must be given on the basis of practical consideration.

The Public Sector in its broad sense may be split up into (*i*) the Public Servant Sector which comprises civil servants including personnel in Defence Administration of the Country; (*ii*) the Public Utility Sector covering essential services like transport, water, electricity etc.; (*iii*) the Public Commercial Sector including the industrial and trade activities of the state. With respect to the Public Servant Sector, it may be said that

the State as employer should see to it that conditions giving rise to unrest and grounds for agitation do not arise. The joint negotiating machinery representing the public servants and the Heads of Departments representing the state as employer at different levels accompanied by settlement of disputes by arbitration if the joint machinery fails to resolve them would leave no scope for strikes here. When this is done the Right of Strike in the Public-Servant Sector cannot be conceded. No State can permit rights which paralyse the functioning of the administrative machinery. The democratic Government in which we are living compels the State to be alert about its responsibilities in the matter of maintaining the personnel of satisfied employees.

In the Public Utility Sector, lightening strikes could not be permitted as this would suddenly paralyse social life of our society. The right to strike however cannot be denied.

In the Public Commercial Sector however no categorical answer regarding the conditions under which strike is to be permitted can be given. The Private Sector can certainly insist that conditions regarding payment to labour and other minimum welfare facilities etc. imposed on industries in private sector must be applied to the Public Sector as well. There is neither any excuse nor any possibility of the Public Sector seeking exemption from these. If the implementation of minimum conditions of work for labour based on the welfare-state concept is not done due to the red-tape, the private sector will get the handle for not carrying the same out honestly in their industries. Further, what is sauce for the goose (Private Sector) should be sauce for the gander (Public Sector) also and differential standards of labour conditions in the two sectors will neither be possible nor work. If the enforcement of the labour conditions in the private sector raises the cost of production which reduces their competitive power and the public sector avoids bearing this 'welfare idea'

cost, the artificial protection on this additional cost will further tend to keep the efficiency in the Public Sector low. If this additional cost of 'Welfare idea' cannot be just now borne by the industry, there might be a case to do rethinking about the phasing of this additional cost of the 'Welfare idea' on industry. In any case at the present 'critical period' of economic development in the country, it is necessary to concentrate on all measures which will increase production at competitive productive efficiency level. Idealism would necessarily have to be tempered with realism.

As strikes mean stoppage of work, production suffers, capital is wasted and working days are lost. A developing country cannot afford this luxury. It is only prosperity that the country wants to be shared with the workers. In creating conditions for this prosperity the role of the labour will be great and the attitude of cutting one's nose to spite another man's face must be fought.

APPENDIX V

# ROLE AND RESPONSIBILITY OF TRADE UNIONS IN A PLANNED ECONOMY[1]

*P. C. Malhotra*

"The Union Problem" is "neither simple nor unitary . . . on the contrary, it is a complex of economic, legal, ethical and social problem, which can be understood and met only by knowing the facts and the genesis of the view point of organised labour in all its riches, diversity, contradiction, and shifting character, and by considering this view point in relation to developing social conditions and social standards." (Robert F. Hexie, *Trade Unionism in the United States*).

*Need for Trade Unions.* The need for trade unions arose when the individual worker felt that he was getting a raw deal by the capitalist factory owner. The labourer in the factory system of production was reduced to the position of a mere seller of physical work. The commodity that he was selling, *viz.*, labour, was a perishable one. He had no staying power as the individual labourer could not withhold himself from the labour market for any length of time. The employer was thus placed in a very favourable position. In order to overcome his weak position, the labourer felt the need of forming an organisation of workers. The trade unions were first suspected and hence treated as unlawful, they were then tolerated and subsequently recognised as legal bodies. In democracies based on adult franchise, the common man, the seller of physical work got political power and the labourer became a force to reckon with. The worker

1. Published in the *Indian Worker*, 2nd October, 1951.

began to be appeased, then wooed and having come into his own is now being talked to on a basis of equality.

*The Work of Trade Union.* Trade unionism so far has been primarily concerned with the question of maintaining the minimum conditions of work and employment. The hours of work, conditions of work in factories, payment of suitable wages, holidays with pay, prevention of wrongful dismissal, intimidation by employers, protection of child and women labour, have all been taken up by trade unions. This is the static aspect of the functioning of trade unions.

*Vital Role of Trade Unions.* Trade unions have a dynamic role to play in a planned economy. The aims under a planned economy are a rising standard of living, reduction in income inequalities, a correlation of material well-being to social welfare. All this is possible only when the volume of production in the country is raised to higher levels. To attain the objective of planned economy the trade unions have to play a positive role. The position of the worker thus gets changed. From being merely labourer, he becomes an active partner in business. The agency through which this change of the role can be brought is the trade union. This change of status presumes that the trade unions must assume a heavy responsibility for keeping up the productive system at a high level of efficiency.

In order that the trade unions can properly assume the new role and responsibility it is essential that they must be agreed upon and give their full support to the particular economic and political system. If this basic agreement is not there trade union organisations would tend to drift towards aims and policies not germane to their organisation. The existence of trade union swearing by communism in a democratic republic has weakened the trade union movement. In India, unlike as it sometimes happens in Great Britain, the flow of political ideas is not from trade unions towards political

parties ; rather political ideas have been given by the elite and the latter, while not belonging to the worker class, have usually provided trade union leadership.

*Evolution of Industrial Economy.* Political evolution has transformed the subject of the old regime into a citizen. In the economic field it has changed the wage earner into a fellow worker. The movement towards cooperation between employers and workers organisations is therefore rightly called the ushering in an era of 'Industrial Democracy.'

The cooperation between public authorities, employers' and workers' organisations becomes a necessary condition of national survival. During the last cold war, workers' and employers' organisations closely cooperated with the administration of war economy. In post-war era problems of rehabilitation, of speedy economic development, of considerable increase in the efficiency of national economic systems call for with even greater urgency than that of war, the necessity of full cooperation between labour, capital and state. The Minister of Labour and National Service in Great Britain truly declared at the 33rd session of the International Labour Conference, Geneva, 1950: "Individual productivity cannot be considered in terms of physical effort or technical application alone. It is a problem which is psychological as well as material. It can only be tackled on the basis of full cooperation between government, employers and employees." The same views were expressed by the French Minister of Labour who declared that real cooperation on the part of workers can only be obtained if their dignity is respected. The worker is not just a cog in very big wheel, but his personal effort is essential for the fulfilment of any economic development plan.

The basis of successful economic planning was thus expressed in the Report of the Director General to the 33rd session (1950) of the I.L.O. Conference. "It is not enough to know what should be done to increase productivity. The importance

of psychological factors and of what might be described as a good psychological climate can scarcely be exaggerated. A united determination to increase productivity can be created and maintained only through the fullest understanding by employers and workers of each other's point of view, it can be carried into effect only by the close cooperation between them."

*Solidarity.* The sanction behind the trade union is the solidarity of its organisation, its ability to withdraw cooperation from the activity of production in particular if its case is not accommodated or accepted. But the responsibility enjoined on trade unions in the interests of economic planning demands efforts for avoiding interruptions of work during the period of the implementation of the Plan. In 1959 the number of working days lost in India due to strikes and lockouts was 5·6 million. The need for maintaining peace in industry becomes therefore paramount. The unions and the employers have therefore to exercise utmost restraint to assert their right to strike or declare a lockout in particular situation.

*Wage Increase Demands.* The demand for increase in wages by trade unions has to be conditioned by the pace of economic development. On the part of the employers the outlook with regard to the question of wages must be in tune with consideration of social justice. But as has been said by Karl Marx, "Justice can never rise superior to economic condition of the time."

*Activities of Trade Unions.* The activities of the trade unions mostly in India have been confined to getting the grievances of the worker redressed and fighting for the rights of the workers. The ordinary rights of the workers are the right to suitable conditions of employment, right to employment. But the workers should now be treated as partners in industry and with this status the right to make suggestion in the conduct of industry, right to control industry and the

right to share profits in industry have to be accepted. An important agreement was reached in January, 1956, between the Tata Workers' Union "to help in increased productivity for the benefit of the enterprise, the employers and the country as a whole". This is expected to break new grounds in the fields of industrial cooperation. Similar collective agreements between the Textile Labour Association and the Ahmedabad Mill Owners' Association entered in June and July, 1952, have functioned successfully. With the new role the workers must also assume new responsibilities. Trade unions also look after labour welfare by organising such activities through voluntarily formed associations such as cooperative societies.

*Economic Planning.* If trade unions are to assume the new role of participants in economic planning, they must be explained the objectives and the technique of planning through information, explanation and consultation. They must feel enthused about the plan along with their employers. They must be made actively interested in achieving the targets of production. Trade union organisation is the agency through which this can be attempted.

*Cooperation between Trade Unions and Employers.* Cooperation of the trade unions and employers in industry is needed at three levels—at the level of the undertaking, at the level of industry and the national or regional level. *Cooperation at the* level of the industry is most essential in those countries which have put new industries or are modernising or rationalising existing industries or which have decided to give their industry a general economic re-organisation plan. For cooperation at the industry level the institution of agencies such as work councils, work committees or production committees should be tried. These special agencies would be functioning in addition to the trade unions and should consist of employers, the delegates of staff and the representatives of workers. Provisions exist in the Indian Industrial Disputes Act of 1947 for the institution

of work committees. These committees should be able to discuss with the employers questions relating to the organisation and methods of production.

At the level of industry agencies for cooperation can be set up either by agreement or by legislation. The functions of these agencies can range from consultation on social and technical matters to direct participation in the management of certain industries.

At the national level, the object should be to associate employers' and workers' organisations in the preparation and application of Government's social and economic policy.

As a result of planned economy in India more and more industrial undertakings are being financed and managed by the state. The Public Sector accounted for 34% of the total investment in India during 1951-54. The total plan outlay in the Public Sector in the Second Plan was roughly double the outlay envisaged in the First Plan. Out of total investment of Rs. 10,200 crores in the Third Plan Rs. 6,200 is in the Public Sector. The number of workers employed in state undertakings is consequently on the increase. Trade unions have been recognised as lawful associations both in Private and Public Sectors. The state as an employer must serve as a model to the private business. It should not allow its authority to be exercised against the normal functioning of the trade unions as this would retard the evolution of proper relations between labour and capital in the private sector also. At the same time the need to run business efficiently is as great in the public as in the case of Private Sector. Economies cannot be ignored, costs cannot be allowed to look after themselves. The need for taxation is reduced to the extent public undertakings show profits. But exploitation of workers for profit has no significance in the state-owned enterprises as extra profits mean so much wealth for the whole nation.

In a public undertaking the worker also has a dual role of

master and servant. He is master as a citizen of the country and a servant as a worker of the undertaking. In serving the industry therefore he is serving his own interests. The responsibility of the success or failure is therefore as much his as that of the management. Trade unions in public undertakings can give the lead to trade unions in private business. This has thrown greater responsibility for the successful progress of trade unions in the country on those who are in charge of public enterprise.

Real cooperation is possible only if genuine trade unions exist, if there is proper psychological atmosphere for cooperation and if the parties possess the necessary training for their task. It should be made clear that there is no conflict between special agencies created for cooperation between workers and industry at different levels and trade unions as agencies for collective bargainnig. Real cooperation is possible if the employers have the correct outlook towards the new role which the labour organisations are to play in economic planning. The employer has to recognise that the employee is a joint partner in the enterprise in which he is not investing his money, but life. But this new role of trade unions should not be implied to mean that unions are sacrosanct and outside the sphere of public control as the impact of unions and employers associations must not anyhow be allowed to stand in opposition to public interest.

The structure which trade unions under the impact of planning and full employment would have to develop is that of unions of industrial discipline seeking rise in productivity and efficiency. Their membership would mean something more than the payment of subscriptions and the duty to join any strikes. It would mean active cooperation in the task of establishing social democracy, in making free socialism work in practice. This is possible if in the words of Prof. Laski, "Trade unions play their full part in moving from the era of

scarcity into the era of abundance". Note may however also be taken of the fear expressed by C.A. Mayers in his book *Industrial Relations in India* in these words, "The danger implicit in regarding trade unions as an instrument of economic development in the interest of the whole nation rather than as a class group is that the labour movement may become a labour front similar to that in Soviet Union."

*New Role of Trade Unions.* The new role which the trade unions are expected to play in the planned economy would require a new spirit and a new outlook. In creating this milieu, labour leadership has a great responsibility. Do the trade unions throw enough leadership from within ? Are there enough whole time office-bearers of the trade unions ? Do they come from within or are exotic to the labouring class ? Trade union workers need specific training which requires institutions for the purpose.

*Facilities for Government Servants.* The Government of India in the Ministry of Labour and Employment by a recent circular has enabled persons in government service to work as office-bearers of recognised trade unions by permitting their employees place on deputation to revert to regular government service when desired. This should enable sincere and educated workers to be elected as trade union office-bearers who will be available for serving actively the labour cause.

The management also needs to do thinking about labour. An analysis of classification of management in 200 corporations in the U.S.A. showed that not even one of the 200 heads of the corporations came from the class of the professions of industrial relations. The heads belonged to the older professions such as engineering, law, the physical sciences and persons prominent in business leadership. Workers' participation in management and the rise of labour leaders from among the working classes will give rise to the new class of the profession of industrial relations which will also supply heads of business management.

APPENDIX VI

# SOCIAL EFFECTS OF INDUSTRIALISATION[1]

*By P. C. Malhotra*

"Industrialisation gives us the possibility of more freedom, and more slavery ; more fellowships and more loneliness ; more security and more precariousness ; more civilisation and more barbarism ; and between these two opposites we can always choose." (Sir John Maud).

"It is for the heart to suggest our problems ; it is for the intellect to solve them." (Comte)

It is great error to regard industrialisation as a mere change in the methods of production, the substitution of new productive techniques based on the discovery and development of improved methods of providing goods for simple handiwork and direct methods of production. Industrialisation is not merely automation, the acquisition of a few new tools, skills, or manufactured trinkets. It is a process of accumulation involving tremendous complementarity of structural, functional, social and psychological changes. The cultural pattern of a society based on one of stationary technology is different from that of continuing technological progress. According to Hagen, in a society based on continuing technological progress (industrialised society), the individuals' view of his relationship with the world must change radically, scientific knowledge and scope of experience must widen, occupational values must undergo basic alternation, class relationships must alter in

1. Paper discussed at the All India Labour Economics Conference, Ahmedabad, December, 1962.

their social, economic and political aspects and the values of "pattern variables" must change considerably.[1]

The spread of industrialisation is one of the great examples of "cultural diffusion" made effective in part as a result of the very process of industrialisation itself, in the extension of world markets and the development of space-defeating transportation and communication system.[2]

Prof. R. H. Tawney in his Acquisitive Society has distinguished between the use of machinery as a method of production (industrialisation) and Industrialism and points out that industrialism is no more the necessary characteristic of an economically developed society than militarism is a necessary characteristic of a nation which maintains military forces. It is no more the results of applying science to industry than militarism is the result of the application of science to war. "The essence of industrialism, in short, is not any particular method of industry, but a particular estimate of the importance of industry, which results in it being thought the only thing that is important at all, so that it is elevated from the subordinate place which it should occupy among human interests and activities into being the standard by which all other interests and activities are judged."[3]

Industrialisation is now accepted as the inevitable road to economic progress in the world of today. It has given us the means to convert the man, the beast of burden, of the un-industrialised society to the 'Industrial man' who shares the honour and privilege of having harnessed the forces of nature to yield him more income, more of good things of life and more of leisure. The comforts and pleasures of the pre-industrial era enjoyed exclusively by princes and barons are now within

1. *Economic Development*—Benjamins Higgins, page 306.
2. *Industialisation and Labour*—W. E. Moore, page 178.
3. *The Acquistive Society* by R. H. Tawney, page 48.

the reach, of the factory worker, the Industrial Man. The material prosperity yielded by Industrialisation has raised prospects of rising standards of the common man. When industrialisation is accompanied by democracy, the common man has the means and the power to redress the growth and evil effects of inequalities of incomes. The rapid change from a society based on agriculture to one based on industry disturbs social and economic equilibrium. The problem is to modulate the swing of the pendulum and not turning the clock back. Even if we wanted to do it to restore idyllistic simplicity, it would be an impossible task—in matter of form of production we have passed the *point of no return* and *industrialisation* is the accepted order of the age. Automation is not an object of despair if we agree with Norbert Wiener of Massachusetts Institute of Technology that it will lead to the 'human use of human beings.' Industrialisation alone gives means of banishing poverty from the earth and thus enabling a citizen to come in his own. If industrialisation enables us to give educated and healthy citizens to society, as it does enable, the evil effects of industrialisation can be controlled or avoided by the citizens themselves in a democratic society.

Industrialisation calls for a social change and a mental change based on a clear realisation that industrialisation is the means and not the end. The danger of getting mechanical in head and in heart as well as in hand has to safeguarded. We cannot carry 18th century mental attitude and social values to the 20th century life based on its ways of making a living. Appropriate social skills have to be developed to meet the changed conditions so that every member in the industrialised society finds in it scope for expression, peace, security, comfort and self respect.

The evils of overcrowding in industrial slums, sweated labour, long hours of work, smoky habitations, preponderance of male population in industrial areas due to absence of

charged with the heavy responsibility of managing the capital which is needed to work the machines, and with the managing the business in interests of stock-holders, employees, customers. The consumers need an effective organisation of their own to safeguard their interests to ensure full value for their money in terms of price and purity or quality of the things they purchase in the open market.

The worker now is no longer satisfied with getting a proper wage or suitable working conditions. He wants a share in the control of industry, a right to suggest the working of industry. No increase in wages will make up for loss of happiness and contentment at work. Workers must not have their self-esteem injured by any action that may lower their status in the eyes of other workers. The old incentives of the carrot or the stick have lost their unqualified effect with the introduction of social security measured which provide unemployment and medical relief.

Industrialists and 'Industrial Men' today must remind themselves in the words of Ruskin, "Any given accumulation of commercial wealth may be indicative, on the one hand, of faithful industries, progressive energies, and productive ingenities ; or on the other hand, it may be indicative of moral luxury, merciless tyranny, ruinous chicane. Some treasures are heavy with human tears, as an ill stored harvest with untimely rain, and sold gold is brighter in sunshine than it is in substance."

We may illustrate the social effects of industrialisation with reference to the question of pollution of water.

Clean and plentiful water is essential to life. There is a world wide concern with the menace to human life arising from scarcity of water and the pollution of water used by people

Industrialism has come to stay. This is our world as we have it. The danger of industrialisation is not from the machines that run the industry but from men themselves. Machine has conquered matter-space, time, form—for man. It is for man to see that machine continues to be his servant and is not allowed to become his master.

Referring to the effects of industrialisation, Horace Balshaw in *Industry and Agrarian Reforms* remarks, "Among the prices which the Far East will have to pay for industrialisation of the Western type are urban concentration and the evils that go with it, together with the disruption of the indigenous smaller scale industries and of the traditional cultures and patterns of life and consequence of this type should be weighed."

*Health Problems of Industrialisation.* "Recent studies on Asian urbanisation have concluded that for the present stage of development of Asian countries, urbanisation is excessive."[1] Industrialisation leads to urbanisation and unplanned and uncontrolled growth causes a rising incidence in the form of over-crowding, communicable diseases. Location of factories, the size and type of industries and housing arrangements have a direct bearing on community's health. Industrial zones and housing zones as adjunct localities have to be marked. Industrial areas located at long distances from living areas cause avoidable fatigue, time and expense involved in going and coming back each day from and to places of work.

Industrial areas unprovided with family quarters create problems of their own for labour migrating from rural areas in search far jobs who have to leave behind wives and children. This has far-reaching effects on community health and gives rise to the problems of mental illness, delinquency, prostitution and alcoholism.

1. *Economic Development and Cultural Change*, April, 1960, page 296.

Atmospheric pollution is caused by factory smoke and soot, disposal of toxic materilas, such as beryllium, cynides and radioactive substances, and pollution of the water supply with chemical effluents and toxic pesticides. These dangers to community need to be effectively controlled and responsibility for environmental hygiene both inside and outside the factories clearly fixed and coordinated.

In spite of a gain in incomes, the health of immigrants to factories from rural areas can deteriorate on account of poor diet and unhealthy living conditions in cities. Thus frequent movement between urban and rural areas of workers goes on which is not conducive to industrial efficiency.

Provision of social and housing facilities should be a prerequisite to planning industrial projects. Industrial areas have to be fitted in the scheme of town planning. Men build towns and towns build men.

*Unemployment and Industrialisation.* Industries tend to get located in certain areas and the dependence of a particular locality on one industry has its risks. When the industry is in slump, the inhabitants are faced with disaster. This calls forth diversification of industry in a given locality. A wide choice of jobs and good employment prospects are themselves essential for good social climate and community's health.

*Tensions of Industrialisation.* Tensions are the inevitable corollary of change. The longer the period of adjustment between the old and the new situation, the greater is the tension. Attention to tensions is the recognition of the society to the problems of the individual. But tensions neglected could form themselves into a strong stream capable of corroding social, economic and civic life. That industrialisation creates tensions is now an open secret. The change-over of the place of work, the technique of production, the disciplined hours of work, the labour consciousness of the class and its constant effort to extract concessions and dues from the capitalist, the

new standards of living in urban life are some of the many factors which are responsible for tensions consequent on industrialisation. "Since all far-reaching economic changes have had effects over time upon family structures, such as the emergence of the nuclear or elementary family in capitalist society and elsewhere, it would seem extraordinarily difficult to freeze certain parts of a social structure. What we could do is to behave like an accoucheur and ease the emergence of a new social form by timely legislation and educational policy and hope, on the basis of the history of other societies about which we have knowledge and in time a new stable form would emerge. Legislation is often ineffective unless it is related to trends of change."[1]

*Industrialisation and Demographic Changes.* According to the theory of Demographic Transition the high birth and death rates of an agrarian low-income society are affected by industrialisation which is the spear head of economic development. Industrialisation calls forth the movement of the worker to the factory. Family ceases to be production unit. The economic disadvantages of a large family tend to disappear. Industrialisation results in urbanisation where childern are more a liability and less of an asset. Industrialisation resulting in economic development gives rise to better means of fighting diseases which reduces the death rate. The birth rate does not fall proportionately. "The historical implication of the lag between the decline in the death rate and the decline in the birth rate have been that the countries affected have experienced a substantial growth in population and a rapid one, at least by previous standards. Thus in the period between 1750 and 1950 the "area of European settlement" increased its

1. Social Mobilisation and Economic Development—H. J. Lethbridge, page 37, in 'Tensions of Economic Development in South East Asia'—Allied Publications Private Ltd., Bombay.

population six-fold. The population more than doubled in the century from 1750 to 1850 and nearly tripled in the interval 1850 to 1950."[1]

The rise of an urbanised industrial economy giving emancipation to women from domestic thraldom is associated with declining fertility, *i.e.*, a fall in birth rate. But urbanisation alone is not always sufficient to cause a reduction in birth rate. And the progress of a decline in the birth rate consequent of the impact of industrialised and urbanised society is both slow and indirect. And the slow rate of industrialisation has caused India's population to grow more slowly than it would otherwise happened. But Western medical science, development of transport and commerce did help to accelerate economic development and hence create favourable conditions for growth of population. India now faces the prospect of a large population increase on the eve of programme of planned industrialisation. Large and growing population in a democratic society committed to the idea of a welfare state makes unemployment problem and provision to increasing numbers with minimum of essentials of life as of right and a responsibility of the state as basic priorities. Rapid industrialisation which is considered as a remedy for the situation seems to be bogged in the problem of growing numbers.

*Education and Industrialisation.* Industrialisation demands skills of a new type which cannot be obtained without a spread of different types of education—general and technical. The industrial organisation is complex and cannot exist on mass illiteracy. Economic development, adult franchise in a democratic state and universal literacy will create and find solutions of the problems so created.

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1. "Population Growth and Economic Development in Low Income Countries"—Coale and Hoover, page 12.

*Conclusion.* Industrialisation is the order of the day. Experience of other countries should act as object lesson in avoiding the repetition of the errors. As progress lies along the path of industrialisation, its price has to be paid. But there is no reason why 'man' should not remain the central figure for whom all progress is being made. As such the evil consequences of industrialisation will be minimised. Neither the Industrial Man nor the Industry can throw up the sponge in disgust or despair. "The history of industrialisation is the history of increasing wealth. But it is also the history of a loss in the sense and value of the community."[1]

Peter F. Duck in "The New Society" has thus commented on the social effects of industrialisation : "The sweep of mass production technology is undermining and exploding societies and civilisations which have no resistance to new forces, no background or habit-pattern of industrial life to cushion the shock. In China the mass production principle, swept into the hinterland from the coastal cities by the forced migration of industries during the Japanese invasion is destroying the world's oldest and hitherto its stablest institution ; the Chinese family. In India industrialisation has begun to corrode the Hindu caste system ; ritual restrictions on proximity and intercourse between castes simply cannot be maintained under factory conditions."

Rural industrialisation has now been taken up even in Western countries. This programme keeps in view the tensions (social, psychological, economic and political) that arise as a consequence of intensive industrialisation. At the same

1. UNESCO Handbook on the "Community Factor in Modern Technology"—page 9.

time rural industrialisation is the answer by way of consequences of industrialisation and of overcrowding on land.[1]

Under India's Third Five-Year Plan, the Rural Works Programme aims at the fuller utilisation of manpower resources of the rural areas. This is going to be very beneficial factor in the economic stability of the nation (income stability is one of the factors of economic progress) and would help to counteract unemployment based on one-industry-one-locality industrialisation.

1. "Industrialisation has long-term beneficial effects on small farm areas that more than compensate for the transitional dislocations in material, psychological and sociological conditions." International Labour Review, July, 1962—Economic and Social Implications of Rural Industrialisation.

APPENDIX VII

# ECONOMIC INDICATORS

## Census of Manufacturing Industries (1951-58)

(Rupees in lakhs and Persons in thousands)

| | 1951 | 1958 |
|---|---|---|
| . Number of Factories on Registers | 6,981 | 8,05 |
| . Number of Factories submitting returns | 6,393 | 6,617 |
| . Percentage of (2) to (1) | 92 | 82 |
| . Fixed Capital employed | 2,75,18 | 6,31,07 |
| . Working Capital employed | 4,37,82 | 5,83,66 |
| . Total Capital employed | 7,13,00 | 12,14,73 |
| . Number of workers employed | 14,78 | 16,90 |
| . Number of persons other than workers employed | 1,54 | 2,21 |
| . Total number of persons employed (7+8) | 16,33 | 18,21 |
| 0. Wages paid to workers | 1,53,47 | 1,95,00 |
| 1. Salaries paid to persons other than workers . | 32,09 | 56,78 |
| 2. Money value of other benefits or privileges | 3,63 | 16,35 |
| 3. Total salaries, wages and benefits paid (10+11+12) | 1,89,18 | 2,68,13 |

## Census of Manufacturing Industries (1951-58)

*contd.*

| | 1951 | 1958 |
|---|---|---|
| 14. Value of factory materials and fuel, etc. | 9,36,32 | 11,73,83 |
| 15. Value of work done for factories by other concerns. | 4,35 | 10,14 |
| 16. Depreciation | 18,98 | 47,63 |
| 17. Total of material and fuel consumed and depreciation (14+15+16) | 9,59,65 | 12,31,60 |
| 18. Ex-factory value of products and by-products | 12,98,33 | 16,97,22 |
| 19. Value of work done by customers | 8,53 | 14,12 |
| 20. Total products and by-products manufactured for sale (18+19) | 13,06,86 | 17,11,34 |
| 21. Value added by manufacture | 3,47,21 | 4,89,88 |
| 22. Value added as percentage of Productive Capital | 48·7 | 40·3 |
| 23. Value added per person employed | 21·27 | 26·90 |
| 24. Value added as percentage of gross output | 26·6 | 28·62 |

## National Income by Source[1]

*(At current prices)*

(Rs. crores)

| | 1950-51 | 1955-56 | 1958-59 | 1959-60 | 1960-61 |
|---|---|---|---|---|---|
| Agriculture | 4,890<br>51·3* | 4,520<br>45·3 | 6,240<br>49·5 | 6,180<br>48·1 | |
| Large scale industry and mining | 620<br>6·5 | 880<br>8·8 | 1,140<br>9·0 | 1,260<br>9·8 | |
| Small scale industry | 910<br>9·6 | 970<br>9·7 | 1,030<br>8·2 | 1,040<br>8·1 | |
| Railways and communications | 220<br>2·3 | 300<br>3·0 | 390<br>3·1 | 390<br>3·1 | |
| Banking and insurance | 70<br>0·7 | 90<br>0·9 | 130<br>1·0 | 140<br>1·1 | |
| Other Commerce and transport | 1400<br>14·7 | 1490<br>15·0 | 1630<br>13·0 | 1650<br>12·8 | |
| Professional and liberal arts | 470<br>4·9 | 560<br>5·6 | 660<br>5·2 | 690<br>5·4 | |
| Government administration | 430<br>4·5 | 570<br>5·7 | 730<br>5·8 | 810<br>6·3 | |
| Other services | 540<br>5·7 | 600<br>6·0 | 670<br>5·4 | 700<br>5·5 | |
| Income from abroad (net) | —20<br>—0·2 | | —20<br>—0·2 | —20<br>—0·2 | |
| Total at current prices | 9,530 | 9,980 | 12,600 | 12,840 | 14,500 |
| *Total at 1948-49 prices | 8,850 | 10,480 | 11,650 | 11,760 | 12,530 |

1. Statistical Outline of India—Tata Industries Private Ltd., page 4.
2. *Ibid.*, page 3.

* Figures in the second row are percentages of the total.

## Shares of Private and Public Sectors[1] in National Accounts

*(At current price)*

| | 1950-51 | | 1958-59 | | 1959-60 | |
|---|---|---|---|---|---|---|
| | Rs. Crores | % | Rs. Crores | % | Rs. Crores | % |
| Net domestic product at factor cost | 9,550 | 100 | 12,620 | 100 | 12,860 | 100 |
| Generated by Private Sector | 8,830 | 92·5 | 11,370 | 90·1 | 11,520 | 89·6 |
| Government enterprises | 290 | 3·0 | 520 | 4·1 | 530 | 4·1 |
| Government administration | 430 | 4·5 | 730 | 5·8 | 810 | 6·3 |
| Accruing to :— Private Sector | 9,480 | 99·3 | 12,530 | 99·3 | 12,760 | 99·2 |
| Government Sector | 70 | 0·7 | 90 | 0·7 | 100 | 0·8 |
| Private income | 9,600 | 100·0 | 12,780 | 100·0 | 13,070 | 100 |
| Derived from domestic product | 9,480 | 98·7 | 12,530 | 98·1 | 12,769 | 97·6 |
| other sources | 120 | 1·3 | 250 | 1·9 | 310 | 2·4 |
| Government draft on private income | 770 | 8·0 | 1,340 | 10·5 | 1,430 | 11·0 |
| Through direct taxes | 230 | 2·4 | 340 | 2·7 | 350 | 2·7 |
| Indirect taxes | 430 | 4·5 | 820 | 6·4 | 900 | 6·9 |

1. "Statistical outline of India"—Tata Industries Private Ltd., page 5.

## Shares of Private and Public Sectors in National Accounts—*contd.*

(*At current price*)

| | 1950-51 | | 1958-59 | | 1959-60 | |
|---|---|---|---|---|---|---|
| | Rs. Crores | % | Rs. Crores | % | Rs. Crores | % |
| Miscellaneous fees | 110 | 1·1 | 180 | 1·4 | 180 | 1·4 |
| Retained Private income | 8,830 | 92·0 | 11,440 | 89·5 | 11,640 | 89·1 |
| National expenditure at market prices | 10,030 | 100 | 13,550 | 100 | 13,870 | 100 |
| Incurred by private Sector | 9,220 | 91·7 | 11,700 | 86·4 | 12,020 | 86·7 |
| Government enterprises | 170 | 1·7 | 610 | 4·5 | 470 | 3·4 |
| Government administration | 660 | 6·6 | 1,240 | 9·1 | 1,380 | 9·9 |

Labour in India—D. R. Gadgil—Gokhale Institute of Politics and Economics, Publication No. 9 (1945).

17. The Movement of Industrial Wages in India—Raghuraj Singh (1955), Asia Publishing House.
18. Trade Unionism in India—S. D. Punekar—New Book Co., Bombay (1948).
19. Trade Union Movement in India—A. S. Mathur and J. S. Mathur—Chaitanya Publishing House, Allahabad (1957).
20. Final Report of the Industrial Conditions Enquiry Committee together with Suggestions for a Labour Code. Bombay State (1953)—Government Publications Sales Depot, Bombay.
21. Labour Problems and Social Welfare—R. C. Saxena—Jai Prakash. Meerut.

## Indian Labour Movement—A Survey

*By Prof. Prem Chand Malhotra; Published by S. Chand & Co., Fountain, Delhi: Pp. 99: Price Rs. 1-12-0:*

The importance of a proper understanding of the labour movement and its trends is universally realised today. In India where a back-to-the wall battle for production is being fought at present it is essential that the Government of the day, the labour leadership itself and the general public should have a clear appreciation of the attitude of labour in a given situation. This can only be done by a proper understanding of the development of trade unionism and labour legislation in India.

Mr. Malhotra's book is a valuable contribution in this study as well as for an understanding of other labour problems. He has added useful chapters on housing and earnings in his book. These will go a long way in helping the readers to appreciate the difficulties and the actions of organised labour.

*Bharat Jyoti.*
*20-2-49.*